



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

A blurred, low-angle photograph of a modern office interior with glass walls and ceiling lights, creating a sense of motion and activity.

# **ANNUAL REPORT OF THE INTEGRITY COMMISSIONER 2011–2012**

| | | | | | | | | | | | | | | 5 YEAR ANNIVERSARY | | | | |



**Australian Government**

**Australian Commission for  
Law Enforcement Integrity**



# **ANNUAL REPORT OF THE INTEGRITY COMMISSIONER**

## **2011–2012**

ISSN 1835-1603

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Copies of this report are available on ACLEI's website, [www.aclei.gov.au](http://www.aclei.gov.au), at *Reports, submissions and speeches*. Enquiries about the content of this report should be directed to the Annual Report Coordinator.

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This publication should be attributed as the Annual Report of the Integrity Commissioner 2011–12.

The terms under which the coat of arms may be used can be found on the *It's an Honour* website, at [www.itsanhonour.gov.au/coat-arms/index.cfm](http://www.itsanhonour.gov.au/coat-arms/index.cfm).



Australian Government  
Australian Commission for  
Law Enforcement Integrity

9 October 2012

The Hon. Jason Clare MP  
Minister for Home Affairs and Justice  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I am pleased to give you the sixth Annual Report of the Integrity Commissioner, concerning the operations in 2011–12 of the Australian Commission for Law Enforcement Integrity (ACLEI), as required by section 201 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 2011–12, 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 2011–12 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, the Australian Customs and Border Protection Service, the Australian Federal Police, and the former National Crime Authority.

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 is 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

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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 2012. 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 2011–12 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, 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 approach to 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 the
- > alphabetical index.

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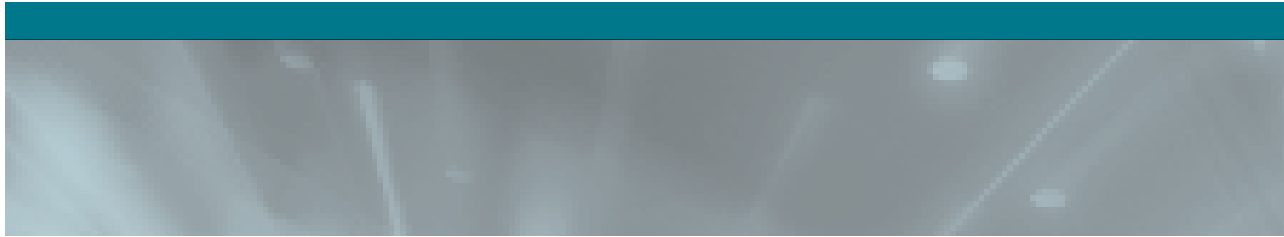
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# PART ONE

## Overview

**Snapshot**

**Chapter 1** Integrity Commissioner's review

**Five-year anniversary**

**Chapter 2** Agency overview

# SNAPSHOT

## THIS YEAR...

### CORRUPTION ISSUES

- > *Taskforce Natio*—a multi-agency operation led by ACLEI—investigated indications of corrupt conduct in border environments. The taskforce, which continues into 2012–13, combines law enforcement methods and the hearing powers of the Integrity Commissioner to uncover information.
- > One hundred and six corruption issues were notified or referred to the Integrity Commissioner for assessment (16 more than last year). Three more were identified by ACLEI and dealt with on an ‘own-initiative’ basis. One investigation report was provided to the Minister. With the 89 corruption issues carried forward from the previous year, ACLEI’s operational workload was comprised of 185 issues.
- > Investigations into 28 corruption issues—conducted either solely by the Integrity Commissioner and ACLEI, or jointly with another agency—were in progress during 2011–12. The Integrity Commissioner commenced nine of these investigations in the reporting year.
- > A total of 101 other issues involving allegations or information about corrupt conduct were subject to investigation by the ACC, Customs and Border Protection or the AFP.
- > These statistics show an active law enforcement integrity culture which is attuned to identifying and investigating possible corrupt conduct.

### STRENGTHENING INTEGRITY SYSTEMS

- > ACLEI contributed to Australian Government policy development concerning an integrity testing framework for high corruption-risk agencies, a drug testing and mandatory reporting legislative regime for staff of the Australian Customs and Border Protection Service, and Australia’s first National Anti-Corruption Plan.
- > ACLEI and Customs and Border Protection worked together on an ‘Integrity Project’, which identified and evaluated options for strengthening anti-corruption arrangements to take account of emerging risks arising from organised crime activity at the border.
- > ACLEI assisted the ACC in the preparation of the *2012 Organised Crime Threat Assessment*, relating to public sector corruption risk and organised crime infiltration risk.
- > The Integrity Commissioner and other ACLEI staff made presentations on 20 occasions to various audiences about integrity in law enforcement, corruption prevention and fraud control.
- > ACLEI made written and oral submissions to the Parliamentary Joint Committee on ACLEI concerning its *Inquiry into the integrity of overseas law enforcement operations*. The Integrity Commissioner noted various risks associated with deployments—including subornation by organised crime—that may import corruption risk back into Australia. The Committee will report in 2012–13.

## BUILDING PARTNERSHIPS

- > The Integrity Commissioner became the inaugural Chair of the Australian Anti-Corruption Commissions Forum and convened its first meeting.
- > In May 2012, ACLEI hosted a four-day corruption prevention fact-finding delegation from the Republic of Indonesia's anti-corruption commission, the Komisi Pemberantasan Korupsi (KPK).
- > ACLEI provided two technical experts to Australia's delegation to the Conference of States Parties to the *United Nations Convention against Corruption*, held in 2011 in Marrakech, Morocco.
- > ACLEI was a sponsor of and contributor to the biennial *Australian Public Sector Anti-Corruption Conference*, held in Fremantle, Western Australia, in November 2011.

## JURISDICTION AND POWERS

- > In July 2011, the Parliamentary Joint Committee on ACLEI tabled in the Parliament its report into the *Inquiry into the operation of the Law Enforcement Integrity Commissioner Act 2006*. The Committee recommended, among other things, that ACLEI's jurisdiction be extended to certain other agencies with law enforcement functions.
- > In April 2012, the Minister for Home Affairs and Justice announced the Government's intention to introduce legislation to extend ACLEI's jurisdiction to include AUSTAC, the CrimTrac Agency and the Biosecurity aspects of the Department of Agriculture, Fisheries and Forestry. (The Law Enforcement Integrity Legislation Amendment Bill 2012 was introduced in the Parliament on 19 September 2012.)
- > An authority was introduced, whereby a person who is in contempt of a proceeding under the *Law Enforcement Integrity Commissioner Act 2006* (the LEIC Act) may be brought before a court for the contempt to be dealt with in that court. This amendment to the LEIC Act strengthens the coercive powers of the Integrity Commissioner and responds to changes in ACLEI's operating environment.
- > The maximum sum of appointments of an Integrity Commissioner was increased from five years to seven. In June 2012, Philip Moss was re-appointed as Integrity Commissioner for a further two years, to July 2014.

# 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 goal of any anti-corruption agency is to make it as difficult as possible for corrupt conduct to take place. Recognising the challenge of this task—since corruption is likely to occur at some point in any high-risk environment—a second goal is to put adequate measures in place to detect corrupt conduct and, should it occur, to deal appropriately with any occurrences.

These purposes were at the heart of the establishment of the Australian Commission for Law Enforcement Integrity (ACLEI), which passed its fifth anniversary during 2011–12.

In recognition of this milestone, a short summary of ACLEI's five-and-a-half years of operation follows this chapter. The summary charts the progress ACLEI has made in establishing a robust and effective anti-corruption capability, as well as the contribution the agency has made to the broader integrity framework.

Some of these themes are explored in this chapter.

## TOWARDS A COMMON INTEGRITY PLATFORM

The enactment by the Parliament of the *Law Enforcement Integrity Commissioner Act 2006* (the LEIC Act) established for the first time a common approach to combating corrupt risk in certain Australian Government agencies that have law enforcement functions. That framework provided for an Integrity Commissioner—equipped with significant powers of investigation—to decide independently how to deal with any corruption issue that may arise. The LEIC Act also established ACLEI to support the Integrity Commissioner in his or her role.

The Integrity Commissioner's original jurisdiction comprised the Australian Crime Commission (ACC) and the Australian Federal Police (AFP). In addition, the LEIC Act enabled investigation of any corruption issue relating to the former National Crime Authority, which the ACC had replaced some years earlier. The LEIC Act also provided for additional agencies to be added to the jurisdiction by regulation, thereby ensuring the model in place would be flexible, should circumstances change.

When ACLEI commenced in 2007, it did so with a budget of \$2 million and a staff of nine people, including the Integrity Commissioner. Significantly, the Government has added resources to ACLEI in every year since its commencement, reflecting additional workload and responsibilities, and affirming ACLEI's role as part of the broader public service integrity framework. ACLEI finished 2011–12 with an annual budget of \$5.1 million, and funding for 25 staff. In 2012–13, a mix of temporary and ongoing funding sources will bring ACLEI's average staffing level to 30 positions.

Another important component of the LEIC Act framework is the Parliamentary Joint Committee on ACLEI, which may inquire into the way the Integrity Commissioner performs his or her functions. The Committee also may report to the Parliament about any measures it considers appropriate to strengthen the integrity framework.

Since its formation in 2007, the Committee has completed two discretionary Inquiries (into *Law enforcement integrity models*, and *Integrity testing*) and a statutory Inquiry (into the first three years of operation of the LEIC Act). The Committee has also examined formally all five of the Integrity Commissioner's annual reports. It is through these means that the Committee has kept the Parliament and the Government informed about developments and risks, including emerging issues, which may affect law enforcement integrity.

One such issue is the increasing risk of corrupt compromise or infiltration of law enforcement agencies by organised crime. This situation has arisen because of the relative strength of Australia's economy and the effectiveness of law enforcement activities to prevent illicit activity, both of which create economic incentives for corrupt conduct.

This risk led the Committee to recommend in 2010 that—as an initial step—ACLEI's jurisdiction be extended to include the Australian Customs and Border Protection Service. The Government responded quickly, and the new jurisdiction commenced in January 2011 by regulation and, since 6 December 2011, by amendment to the LEIC Act.

As this threat picture has clarified, the Government has responded by further strengthening the deterrence environment. Between February and April 2012, the Minister for Home Affairs and Minister for Justice, the Hon. Jason Clare MP, announced a number of significant, precautionary measures to combat any corrupt links between law enforcement and serious and organised crime, and to strengthen ACLEI. These measures include:

- > establishing new integrity arrangements for Customs and Border Protection which mirror those in the ACC and the AFP—namely, compulsory drug and alcohol testing of staff, mandatory internal reporting of suspicions about corruption or misconduct, and a specific power to allow the Chief Executive Officer to terminate employment on the grounds of serious misconduct or corrupt conduct;
- > introducing integrity testing legislation—which would broaden the circumstances in which officers in the LEIC Act jurisdiction may be subject to simulated or controlled situations in which their integrity and decision-making could be tested as part of an investigation, with their responses observed and the results able to be used to initiate disciplinary action or inform criminal proceedings;
- > extending ACLEI's responsibilities with effect from mid-2013 to include another three Australian Government agencies which have law enforcement functions—namely, the Australian Transaction Reports and Analysis Centre (AUSTRAC), the CrimTrac Agency, and the Biosecurity aspects of the Department of Agriculture, Fisheries and Forestry (DAFF Biosecurity);



- > adding corruption detection and prevention to the Integrity Commissioner's specified roles under the LEIC Act;
- > increasing the maximum sum of years for which the Governor-General may appoint an eligible person as Integrity Commissioner—from five years to seven—thereby providing continuity of leadership if operational flexibility of this kind were required; and
- > providing additional resources to ACLEI.

Accordingly, with the LEIC Act arrangements at its centre, a common integrity platform is being assembled to make high corruption-risk law enforcement operating environments more resistant to corruption.

## A DEVELOPING EXPERTISE

Through their ratification of the *United Nations Convention against Corruption*, many nations have a keen interest in developing their integrity arrangements. Accordingly, ACLEI is visited each year by international delegations wishing to share observations and knowledge about anti-corruption practice. These occasions are beneficial on many levels, since they provide an opportunity to reflect on where we have come from, what has been accomplished, and what is still to be done.

Investigations in ACLEI's first years tended to focus on individual officers when an allegation or other information brought their integrity into doubt. Concurrently, a broader approach was being developed and adopted, whereby ACLEI also examined possible systemic risks that were indicated by investigations or by ACLEI's complementary corruption detection and prevention activities. As ACLEI has grown, so too has the agency's expertise in these three disciplines.

As Integrity Commissioner, I have aimed to keep ACLEI's strategic orientation aligned with related areas of Government policy and areas of priority, such as the *Commonwealth Organised Crime Strategic Framework*. Accordingly, since 2009–10, ACLEI has worked with law enforcement agencies to recognise and address the 'facilitation risk' that arises if law enforcement officers and criminals were to collaborate to enable illicit activities.

This strategic approach to anti-corruption practice matured in 2011–12, with the significant broadening of an ACLEI-led joint taskforce that involves all three LEIC Act agencies, assisted by other law enforcement partners. *Taskforce Natio* is examining whether corrupt facilitation is assisting illicit movements of controlled goods at the border.

The taskforce has received concentrated effort from all ACLEI staff in 2011–12, and I recognise them and our *Natio* partners for their work and skill.

In early 2012, former senior public servant, Mr Peter Hamburger PSM, conducted a review of the implementation of ACLEI's jurisdiction to deal with corruption issues within the Australian Customs and Border Protection Service. The Review—which was the second of the kind conducted by Mr Hamburger in as many years—noted that, compared to the year before, ACLEI's investigations had 'moved up the scale of importance' (a reference to the taskforce work which then was developing).

The Hamburger Review, which is summarised in Chapter 3—*Performance overview*, recognised ACLEI's growing expertise in investigation practice. The Review suggested that it would be timely for ACLEI to take a greater role also in developing corruption prevention practices relating to the Integrity Commissioner's jurisdiction, to capitalise on investigation outcomes.

Consistently with this suggestion, ACLEI provided strategic direction and comprehensive technical assistance in 2012 to a broad review by Customs and Border Protection of its integrity arrangements, and assisted the agency to develop anti-corruption training for its managers. ACLEI also continued to engage with the LEIC Act agencies on corruption prevention topics in 2011–12, through the *Community of Practice for Corruption Prevention*, which was initiated in the previous reporting year.

These diverse (yet linked) approaches to building agencies' resistance to corruption demonstrate the value that a specialised integrity agency brings to anti-corruption theory and practice.

## ACLEI IN CONTEXT

The Australian Government's approach to law enforcement integrity is based on a partnership, whereby all relevant agencies work cooperatively to detect, deter and disrupt possible corrupt conduct. Accordingly, the anti-corruption capability is not vested solely in ACLEI, but is inherent in the joint focus that in previous reports I have called 'the integrity partnership'.

ACLEI is also just one part of the various Federal, State and Territory integrity arrangements that have been established or have evolved over time, and which in combination contribute to safeguarding Australia's economy, social fabric and international reputation.

My own observation—and now that of a United Nations delegation of peers who, in 2011–12, reviewed Australia's compliance with various elements of the *United Nations Convention against Corruption*—is that the anti-corruption task is taken seriously in this country. Nevertheless, circumstances and awareness of risk will change from time to time, requiring arrangements to be adjusted. Anti-corruption agencies have a bellwether role in informing such processes.

In September 2011, the then Minister for Home Affairs and Justice, the Hon. Brendan O'Connor MP, announced a consultation process to inform the development during 2012 of Australia's first National Anti-Corruption Plan. It is intended that the Plan will examine those risks to integrity that most threaten Australia's national interests and, in response, articulate the Government's anti-corruption policy approach. The Plan will also guide future measures directed to the continuing effectiveness and appropriateness of those aspects of the integrity framework that are in the Australian Government's purview.

A comprehensive stakeholder consultation process has since been undertaken, drawing on expertise within government, in academia and in the community. I am pleased that ACLEI staff and many of our colleagues from State integrity agencies have contributed their viewpoints, so as to guide the process and inform its outcomes.

I regard the development of the Plan, and the consultation undertaken to date, as significant and timely advances in the design of integrity policy. For this reason, supporting the National Anti-Corruption Plan process was one of ACLEI's priorities during the year.

## STRENGTHENING FOR FUTURE CHALLENGES

Another priority in 2011–12 was to reflect again on ACLEI's experience to date, to inform any adjustments to administrative arrangements or business improvement strategies that may be needed. The Hamburger Review contributed an independent perspective to the process then being undertaken to assess ACLEI's strategy, structure, systems and staffing. I thank Mr Hamburger for the insightful contribution he has made.

## Strategy

Over the last two years, a focus for ACLEI has been to develop capabilities that support covert investigation. For instance, ACLEI has made more use of telecommunications interception methods over this time period. In November 2011, the Government provided funding of \$2.56 million to ACLEI to conduct a two-year pilot evaluation of a dedicated physical surveillance capability for integrity investigations. These developments reflect ACLEI's strategic orientation towards investigating serious and systemic corruption, particularly any issues that may involve connections with organised crime.

ACLEI will need to ensure that it is able to maintain up-to-date major investigation experience and expertise if the agency is to contribute at the highest level to inter-agency investigations of organised crime linked to law enforcement agencies. Accordingly, as vacancies become available, perhaps in the context of joint investigations or taskforces, I will explore the scope for seconding to ACLEI suitably experienced staff from law enforcement agencies. This 'concertina model' of agency expansion and contraction will also reinforce the integrity partnership approach that remains at the core of the ACLEI model. I will also continue to develop the major investigation skills of ACLEI staff, as opportunities arise.

ACLEI, in partnership with the *Community of Practice for Corruption Prevention*, has led recent theoretical and practical work that is directed to assisting managers and others to recognise indicators of corrupt conduct that may arise in vulnerable operating environments. Chapter 7—*Patterns and trends* in this annual report sets out some of the results to date. In coming years, a specialisation in corruption prevention will be an important strategic engagement tool to raise awareness in agencies about ACLEI and about corruption risk generally. It will also provide a basis for working with agencies—including any new agencies in the LEIC Act framework—to keep internal arrangements aligned with the common integrity platform, as informed by investigations and a risk-management approach.

Another element that will further refine ACLEI's current strategic direction is to build up over time a well-directed detection function. A start was made this year when I established, as a pilot, an *Emerging Issues Team* to examine whether corruption indicators observed in one operational environment may be present in other similar environments. The team will collect and analyse intelligence, and conduct preliminary investigations of specific information or selected corruption issues so that I may decide if a more comprehensive investigation were warranted.

## Structure

Towards the close of the reporting year, I commenced a restructure to support these refinements to ACLEI's strategic orientation. In June 2012, the Attorney-General's Department agreed to second to ACLEI an experienced Senior Executive Service officer, Ms Tamsyn Harvey, to establish a Strategic and Secretariat Branch. The two-Branch structure, which will commence in 2012–13, will give a higher level of management direction to strategic issues across the agency, foster the development of ACLEI's expertise in corruption prevention, and give increased attention to business improvement and other agency-wide outcomes. A particular priority for the year will be to improve ACLEI's ability to bring to completion investigation reports and related procedural fairness processes.

The new structure will have the additional benefit of enabling the new Operations Branch, led by the current Executive Director, Mr Stephen Hayward, to focus on the significant and highly technical investigation and detection work that now characterises ACLEI's operations. Mr Hayward will also assist me to maintain the inter-agency relationships that lead to meaningful outcomes in these areas.

## Systems

The Hamburger Review noted the extensive work already underway that was directed to reinforcing ACLEI's underlying systems. In 2011–12, this program included:

- > negotiating a replacement Enterprise Agreement, to reflect better the working arrangements needed from time to time for ACLEI to work extended hours, and to accommodate deployments interstate;
- > refining or, when necessary, developing Standard Operating Procedures and other agency policies to strengthen ACLEI's governance of use of powers and authorities, and to deal with staff succession issues;
- > updating ACLEI's information technology platform and software to improve efficiencies and establish a basis for additional capability;
- > introducing new security policies and record-keeping arrangements, in line with changes in Australian Government information-handling policies; and
- > extending and updating ACLEI's secure operations facility to provide improved accommodation for seconded staff and for electronic monitoring.

At the close of the reporting year, significant progress had been made towards completing each of these projects, including redesign of information technology infrastructure, delivery of training and drafting of manuals. I will continue to give priority to completing each of these projects in 2012–13.

## Staffing

ACLEI's core capacity and prospect for success lies in its staff. As Integrity Commissioner, I have enjoyed the support provided by committed and talented colleagues, who share ACLEI's vision of a law enforcement culture that resists corruption.

In 2011–12, ACLEI Executive Level managers completed a training program, begun the year before, which was designed to assist ACLEI to deal with a large and complex workload and to manage an engagement strategy that involves working closely with other agencies to achieve common objectives. I anticipate that the move to a two-Branch structure will reinforce the gains made towards simplifying processes and strengthening communications between work groups.

Additional resources available to ACLEI in coming years will allow the recruitment or secondment of up to another five staff in 2012–13 (as a result of the Hamburger Review), and perhaps the same number again in 2013–14 (as recommended by a scoping study conducted in 2012 by former senior public servant, Mr Ian Carnell AM) if ACLEI's jurisdiction is extended. These resources will add considerably to ACLEI's critical mass and operational flexibility.

## WHERE TO FROM HERE?

One of the questions asked in the consultation for the National Anti-Corruption Plan was *Where to from here?* There are a variety of strongly held views about how, and how fast, the integrity framework should develop, with some commentators now suggesting an integrity agency—perhaps an expanded ACLEI—to oversee integrity arrangements in Australian Government agencies.

My experience of administering the LEIC Act over the last five years has shown me that anti-corruption arrangements work at their best when an agency head acknowledges and is realistic about internal and external risks to integrity, communicates his or her concern and expectations clearly to staff, designs anti-corruption arrangements that are matched to the agency's circumstances, and works with partners to meet the many challenges involved. These principles are the basis for the integrity partnership between ACLEI and the LEIC Act agencies.

In September 2012, the Chief Executive Officer of the Australian Customs and Border Protection Service, Mr Michael Carmody AO, retired after a 44-year public service career. I recognise him here as a very worthy partner in combating corruption, and wish him well in his retirement.

Where to from here? Corruption occurs, and we should not be surprised that it does. ACLEI will continue to develop its roles and capabilities, and work with its many partners to make it as difficult as possible for corrupt conduct to take place and to escape detection.



**Philip Moss**  
Integrity Commissioner

# FIVE-YEAR ANNIVERSARY

January 2012 marked the fifth anniversary of ACLEI's establishment. The following pages document its first five and a half years of operation, and chart ACLEI's development and contribution to the Australian Government's integrity framework in that time.

## 2006–07

### Highlights

- > ACLEI is established by Government as a precautionary measure, to maintain a standing focus on issues of corruption and integrity in certain Commonwealth law enforcement agencies.
- > The *Law Enforcement Integrity Commissioner Act 2006* receives Royal Assent on 30 June 2006 and commences on 30 December 2006.
- > ACLEI begins operations in January 2007. Professor John McMillan AO, the Commonwealth Ombudsman, is appointed as acting Integrity Commissioner, until 22 July 2007.
- > The Parliamentary Joint Committee on ACLEI is established in February 2007.
- > ACLEI's focus is on establishing systems and an investigative capacity, and forming relationships.
- > Links are made with State-based integrity agencies, and these agencies provide advice and assistance to guide ACLEI's initial development.
- > Patterns start to emerge relating to allegations about unauthorised disclosures of information and policing illicit drugs.

### 2006–07 in numbers

Mandatory notifications from heads of agencies	12	Referrals	6
ACLEI investigations commenced	4	Reports to the Minister	0
Hearings held	5	'Notices to Produce' issued	6
Issues referred to other agencies for investigation	1	Presentations about integrity and corruption prevention	3
Total resources	\$2.001 million	Staffing establishment	9

2007–08

Highlights

- > Mr Philip Moss is appointed as Integrity Commissioner on 23 July 2007, for five years.
- > The basis for the integrity partnership between ACLEI and the agencies in the Integrity Commissioner’s jurisdiction is established.
- > The Parliamentary Joint Committee on ACLEI commences its *Inquiry into Law Enforcement Integrity Models*.
- > ACLEI engages in policy debate and law reform relating to client legal privilege, privacy and law enforcement integrity powers and arrangements.
- > ACLEI contributes a technical expert to the Australian delegation to the second session of the Conference of States Parties to the *United Nations Convention Against Corruption*, hosted by the Republic of Indonesia.
- > As a result of a recommendation made by the Integrity Commissioner in Investigation Report 02/2008 *An investigation into an allegation that the Australian Federal Police ‘tipped-off’ a Federal Member of Parliament about an impending search*, the AFP reviews its policies for handling politically sensitive matters.
- > The Government announces a doubling of ACLEI’s resources over four years from July 2008.
- > ACLEI draws attention to two trends in corruption risk in law enforcement environments—undeclared relationships between serving and former law enforcement officers (which, if unmanaged, could lead to unauthorised disclosures of information), and misplaced loyalties (for example, to individuals rather than to professional standards).

2007–08 in numbers			
Mandatory notifications from heads of agencies	19	Referrals from other sources	26
ACLEI investigations commenced	6	Reports to the Minister	2
Hearings held	5	‘Notices to Produce’ issued	31
Issues referred to other agencies for investigation	9	Investigation reports from other agencies	0
Submissions to Inquiries and policy consultations	3	Presentations about integrity and corruption prevention	10
Total resources	\$2.536 million	Staffing establishment	10

## 2008–09

## Highlights

- > The Integrity Commissioner orients ACLEI's strategic focus towards countering the 'corruption handshake'—the possible corrupt relationship between willing or vulnerable law enforcement agency staff members and organised criminal groups.
- > ACLEI commences the fit-out of a purpose-built secure operations facility.
- > ACLEI is structured into five organisational sections: Investigations, Intelligence, Legal Practice, Corporate, and Policy and Research.
- > The Parliamentary Joint Committee on ACLEI concludes its *Inquiry into Law Enforcement Integrity Models*. The Committee makes eight recommendations, aimed at strengthening ACLEI's capacity to detect, investigate and prevent corrupt conduct in law enforcement agencies.
- > The Parliamentary Joint Committee on ACLEI commences its statutory *Inquiry into the operation of the Law Enforcement Integrity Commissioner Act 2006*.
- > ACLEI contributes to policy development about the connections between organised crime and corruption in law enforcement, use of self-incriminating evidence, whistleblowing in the public sector, corruption prevention, fraud control, law enforcement powers and secrecy laws.
- > ACLEI completes a report entitled *Resistance to Corruption*, a snapshot and pilot review of the anti-corruption arrangements of the ACC and the AFP.
- > The Integrity Commissioner makes a keynote address *Matching measures to risks* at the inaugural Canberra meeting of the Corruption Prevention Network. The speech outlined ACLEI's observations about priorities and approaches for corruption control in Australian Government agencies.
- > ACLEI presents a paper on the challenges of establishing an anti-corruption agency at the third Anti-Corruption Expertise Workshop, in Singapore, hosted by the Singapore Corrupt Practices Investigation Bureau and Ministry of Foreign Affairs.
- > ACLEI participates as a subject in three academic research projects about the national integrity framework.
- > The Integrity Commissioner meets with the Solomon Islands Anti-Corruption Taskforce and with members of the AFP International Deployment Group in the Solomon Islands to assess possible corruption risks relating to overseas deployments.
- > In response to the Integrity Commissioner's recommendations in Investigation Report 01/2009 *An investigation into allegations about the Australian Crime Commission relating to unfair dismissal proceedings, and certain other integrity matters*, the ACC reviews its policies and procedures relating to the use of covert surveillance devices. This investigation also provides the basis for the Government to grant 'loss of confidence' dismissal powers to the Chief Executive Officer of the ACC.
- > ACLEI communicates corruption risks identified during an ongoing investigation concerning the ACC. As a result, the ACC improves internal controls to minimise corruption risks relating to document and information security.
- > ACLEI's annual report includes a typology describing how corrupt conduct may manifest in a law enforcement environment.
- > Based on its investigations during the year, ACLEI identifies three broad trends in law enforcement risk: the 'corruption handshake', operational information security breaches, and desensitisation of officers to law enforcement powers and methods.



**2008–09 in numbers**

Mandatory notifications from heads of agencies	30	Referrals from other sources	21
ACLEI investigations commenced	5	Reports to the Minister	1
Hearings held	19	'Notices to Produce' issued	22
Issues referred to other agencies for investigation	20	Investigation reports from other agencies (reviewed by ACLEI)	3
Submissions to Inquiries and policy consultations	3	Presentations about integrity and corruption prevention	29
Total resources	\$3.211 million	Staffing establishment	13

**2009–10****Highlights**

- > The *Commonwealth Organised Crime Strategic Framework* is launched in November 2009. The Framework recognises corruption as an enabler of serious and organised crime.
- > ACLEI and the areas of the ACC and the AFP that investigate organised crime begin to cooperate. The Integrity Commissioner coins the term 'the two-level approach', to describe how anti-corruption investigations and investigations into organised crime may work in partnership to counter organised criminal activities.
- > ACLEI's secure operations facility commences in July 2009 and is officially opened on 9 December 2009 by the Minister, the Hon. Brendan O'Connor MP.
- > ACLEI obtains search and telecommunications interception warrants in its own right for the first time.
- > ACLEI's operational policies are updated to ensure that ACLEI's independent exercise of intrusive information-gathering powers meets all legislative requirements.
- > ACLEI introduces a new hotline to make it easier for members of the public and staff members of law enforcement agencies to contact ACLEI.
- > ACLEI designs and hosts the first *Behavioural Interviewing Skills Enhancement Program* with attendees from State and international integrity agencies.
- > ACLEI is a partner agency for the Australian Public Sector Anti-Corruption Conference, held in Brisbane in August 2009.
- > The Parliamentary Joint Committee on ACLEI interim report into the *Inquiry into the operation of the Law Enforcement Integrity Commissioner Act 2006* recommends the extension of ACLEI's jurisdiction to include the Australian Customs and Border Protection Service.
- > ACLEI becomes a party to the *Memorandum of Understanding for International Cooperation on Combating Corruption* with the Corruption Eradication Commission (KPK) of the Republic of Indonesia. Other Australian parties are the Attorney-General's Department and the Australian Public Service Commission.

- > The Integrity Commissioner establishes contact with the Chief Ombudsman of the Ombudsman Commission of Papua New Guinea, Mr Chronox Manek, and the inaugural Commissioner of the Anti-Corruption Commission of East Timor, Mr Adérito de Jesus Soares.
- > On two occasions, an ACLEI staff member travels to the Solomon Islands to address a course for integrity investigators, hosted in Sydney by the AFP.
- > The Integrity Commissioner attends as an observer and provides commentary on approaches to integrity at an international conference of police commissioners, executive law enforcement leaders and academics, hosted by the AFP.
- > ACLEI delivers the Corruption Prevention Statement *Australia's approach to fighting corruption: the case of ACLEI* at the third session of the Conference of States Parties to the *United Nations Convention Against Corruption*, hosted by Qatar.
- > ACLEI contributes to policy development concerning powers for official Inquiries and Royal Commissions, information-sharing in relation to corruption investigations, the use of intercepted material, aviation and maritime security, connections between organised crime and corrupt conduct in law enforcement, fraud control and integrity testing.
- > Investigation Report 03/2010 *An investigation into staff claims about misuse of position and certain other integrity matters in the Australian Crime Commission* provides several insights into how the culture of a law enforcement agency may affect corruption risk. The Chief Executive Officer of the ACC takes steps to instil a 'professional values' culture, raise awareness about corruption risk and strengthen management structures.
- > Three other investigations lead to dissemination to law enforcement agencies by ACLEI of information obtained about breaches of duty and possible criminal conduct.
- > ACLEI observes that the main factors affecting corruption risk in law enforcement agencies are changes to the threat environment (organised crime), to law enforcement operational models (affecting opportunity and motive), and to the corruption-deterrence regime.
- > In the 2010 Federal Budget, ACLEI receives additional funding of \$1.6 million over four years, commencing 1 July 2010.

#### 2009–10 in numbers

Mandatory notifications from heads of agencies	40	Referrals from other sources	40
'Own initiative' identifications of corruption issues	1	ACLEI investigations commenced	12
Reports to the Minister	3		
Hearings held	29	'Notices to Produce' issued	14
Search warrants	2	Use of electronic surveillance powers (by ACLEI)	1
Issues referred to other agencies for investigation	25	Investigation reports from other agencies (reviewed by ACLEI)	6
Submissions to Inquiries and policy consultations	3	Presentations about integrity and corruption prevention	40
Total resources	\$4.377 million	Staffing establishment	17

## 2010–11

## Highlights

- > The Integrity Commissioner introduces the *Detect, Disrupt, Deter* framework to guide ACLEI's decisions and provide a framework for evaluation of its longer term effect.
- > The Government adds Customs and Border Protection to the Integrity Commissioner's jurisdiction by regulation. An additional \$2.7 million over four years is transferred to ACLEI through Supplementary Budget Estimates. The law enforcement aspects of Customs and Border Protection commence as part of the Integrity Commissioner's jurisdiction on 1 January 2011.
- > Seven additional staff members are recruited, taking ACLEI's average staffing level from 17 to 24.
- > ACLEI implements a Learning and Development Program, including leadership training for managers.
- > ACLEI's minimum security classification for staff is raised to Negative Vetting Level 2 (Top Secret).
- > The independent *Review of ACLEI's Capabilities, Operating Arrangements and Resources*—conducted by Mr Peter Hamburger PSM—concludes that ACLEI is performing at a similar level to its State counterparts.
- > The Integrity Commissioner and the CEO of Customs and Border Protection produce a webcast promotional video, aimed at introducing ACLEI, and the concept of corruption and infiltration risk, to Customs and Border Protection staff.
- > A new brochure—*Detect, Disrupt, Deter*—is produced, aimed at encouraging engagement with ACLEI.
- > ACLEI establishes a *Community of Practice for Corruption Prevention* to enable the sharing of best practice in detecting and deterring corrupt conduct in the LEIC Act agencies.
- > A staff member of ACLEI attends the International Anti-Corruption Summer Academy in Austria to study corruption prevention.
- > The Integrity Commissioner addresses the International Serious and Organised Crime Conference, held in Melbourne in October 2010. The Integrity Commissioner's speech *Accountability and beyond: using integrity partnerships to combat organised crime* is published in *The Canberra Times* under the title *Dances with watchdogs: integrity agencies as partners against crime*.
- > ACLEI contributes to Australian Government policy development concerning public interest disclosure, cooperation with the intelligence community, telecommunications interception policy, anti-corruption arrangements and links between corruption and organised crime.
- > In the investigation reports provided to the Minister during the year, the Integrity Commissioner makes one recommendation and several observations about corruption risk. In response, the AFP agrees to consider scenario planning to strengthen guidance about managing information concerning sensitive investigations and to review the national guideline on dealing with conflicts of interest. In addition, ACT Policing revises its arrangements for the handling of confiscated drugs.
- > As a result of information provided to agency heads by ACLEI, two law enforcement staff members are dismissed and another two suspended from duty while ACLEI's investigations continue. A fifth person is counselled about conduct that introduced avoidable corruption risk to an agency.
- > ACLEI develops the *Corruption precursors, indicators and interventions* model, published in the 2010–11 annual report, to inform development of integrity frameworks.
- > Corruption risks identified by ACLEI during the year include the strength of the Australian dollar (leading to increased profits for imported illicit goods), the prevalence of steroid use and illicit 'party drugs', informal information-sharing cultures, proximity to high corruption-risk activities, 'business risk' (where operational changes may influence corrupt behaviour), conflicts of obligation or association, and risks displaced to partner agencies as a result of strengthened controls.

**2010–11 in numbers**

Mandatory notifications from heads of agencies	46	Referrals from other sources	44
'Own initiative' identifications of corruption issues	0	ACLEI investigations commenced	16
Reports to the Minister	3		
Hearings held	7	'Notices to Produce' issued	22
Search warrants	7	Use of electronic surveillance powers (by ACLEI)	4
Issues referred to other agencies for investigation	32	Investigation reports from other agencies (reviewed by ACLEI)	18
Submissions to Inquiries and policy consultations	2	Presentations about integrity and corruption prevention	34
Total resources	\$5.217 million	Staffing establishment (average for the year)	21

**2011–12****Highlights**

- > Customs and Border Protection is added to ACLEI's jurisdiction on a whole-of-agency basis, by amendment to the LEIC Act.
- > ACLEI establishes *Taskforce Natio*, a multi-agency operation into corruption risk in border environments. Partners in *Taskforce Natio* include the three agencies in ACLEI's jurisdiction, with assistance from other agencies. Related investigations involve interstate deployments, extensive use of covert investigation methods and close coordination with other agencies.
- > In July 2011, the Parliamentary Joint Committee on ACLEI tables in the Parliament its report of the *Inquiry into the operation of the Law Enforcement Integrity Commissioner Act 2006*. The Committee recommends that ACLEI's jurisdiction be extended to five other agencies with law enforcement functions.
- > In April 2012, the Minister for Home Affairs and Minister for Justice, the Hon. Jason Clare MP, announces the Government's intention to introduce legislation to extend ACLEI's jurisdiction to include AUSTRAC, the CrimTrac Agency and the Biosecurity aspects of the Department of Agriculture, Fisheries and Forestry. The Government appoints Mr Ian Carnell AM to conduct a *Scoping study for the inclusion of AUSTRAC, CrimTrac and DAFF Biosecurity within the jurisdiction of ACLEI* to determine resource requirements for such an extension.
- > The Government allocates \$2.56 million over two years—funded from criminal assets confiscated under the *Proceeds of Crimes Act 2002*—for ACLEI to set up a pilot surveillance capability.
- > A provision is introduced to the LEIC Act, whereby the Integrity Commissioner may apply to the Federal Court of Australia, or the appropriate Supreme Court of a State or Territory, for a person who is in contempt of a proceeding under the LEIC Act to be dealt with by that court.

- > A number of other amendments—aimed at improving the operation of the LEIC Act and enhancing ACLEI's ability to investigate corrupt conduct—commence during the year.
- > The maximum sum of appointments of an Integrity Commissioner is increased from five years to seven, as a measure to ensure operational flexibility should an investigation require. Mr Philip Moss is reappointed for two years, to July 2014.
- > ACLEI's governance arrangements were strengthened by addition of an additional external member to ACLEI's Audit Committee and a review of Standard Operating Procedures.
- > ACLEI commences the extension of its premises to improve taskforce facilities, accommodate the 'concertina model' of staffing (matched to operational requirements) and improve technical capabilities. The extension includes an on-site hearing room.
- > The Government appoints Mr Peter Hamburger PSM to review the progress of the implementation of ACLEI's jurisdiction to deal with corruption issues within Customs and Border Protection. Mr Hamburger notes that ACLEI's investigations have "moved up the scale of importance" to where the use of the Integrity Commissioner's powers and high-end investigative capabilities "offer real benefit".
- > ACLEI's new Enterprise Agreement, under negotiation at the end of 2011–12, makes provision for staff arrangements to take account of the type of work required in complex corruption investigations.
- > The Integrity Commissioner establishes an *Emerging Issues Team*, tasked with identifying corruption risks and trends that may inform new investigative or corruption prevention initiatives.
- > ACLEI contributes to Australian Government policy development concerning an integrity testing framework for high corruption-risk agencies, a drug testing and mandatory reporting legislative regime for Customs and Border Protection staff, fraud control, coercive and covert information-gathering powers, and Australia's first National Anti-Corruption Plan.
- > At the launch of the National Anti-Corruption Plan consultation process, the Integrity Commissioner makes an address entitled *Corruption trends and issues in the 21<sup>st</sup> century—where to from here?* in which he outlines some corruption threats facing Australia and proposes that solutions should be tailored to target different types of harms.
- > The Parliamentary Joint Committee on ACLEI conducts an *Inquiry into Integrity Testing*, and concludes that the introduction of targeted integrity testing would strengthen the integrity system. The Minister subsequently announces that the Government will introduce legislation to enable targeted integrity tests in LEIC Act agencies.
- > The Parliamentary Joint Committee on ACLEI commences an *Inquiry into integrity of overseas Commonwealth law enforcement operations*. ACLEI's submission invites consideration of the higher-order risks to law enforcement outcomes that arise as a consequence of operations overseas.
- > ACLEI contributes to the ACC's preparation of the *2012 Organised Crime Threat Assessment*, relating to public sector corruption risk, including infiltration by organised crime groups.
- > The Integrity Commissioner becomes the inaugural Chair of the Australian Anti-Corruption Commissions Forum.
- > ACLEI is a sponsor of and contributor to the biennial Australian Public Sector Anti-Corruption Conference (APSACC), held in Fremantle, Western Australia.
- > The Integrity Commissioner's presentation at APSACC A "3D" view of anti-corruption agencies describes how *Detection*, *Disruption*, and *Deterrence* may be used as part of a cooperative and systematic approach to developing discrete measures to target specific threats, and to guide the measurement of performance.

- > ACLEI hosts a four-day corruption prevention fact-finding delegation from the Republic of Indonesia's anti-corruption commission, the Komisi Pemberantasan Korupsi (KPK).
- > ACLEI provides two technical experts to Australia's delegation to the fourth Conference of States Parties to the *United Nations Convention against Corruption*, held in 2011 in Marrakech, Morocco.
- > ACLEI and Customs and Border Protection work together on an 'Integrity Project', to identify and evaluate options for strengthening anti-corruption arrangements to take account of emerging risks arising from organised crime activity at the border.
- > ACLEI assists Customs and Border Protection in the design of an ethics curriculum for a Diploma of Government (Investigations), aimed at investigation managers in the agency. ACLEI also presents to the course, on the topic of *Managing ethics and integrity in investigation environments*.
- > In response to corruption risks identified in Investigation Report 01/2012 *An investigation into the actions of AFP (ACT Policing) appointees concerning alleged "tip-offs" to a criminal and related integrity matters*, the Chief Police Officer of ACT Policing implements new processes to record official visits to the ACT's adult prison.
- > ACLEI develops the *ACLEI corruption risk approach framework* and *corruption probability model* (published in this annual report). These models offer a framework to aid the identification of corruption risk and how corruption may happen in practice, and to interpret patterns and trends.
- > ACLEI identifies a number of emerging trends from its corruption investigations: the formation of complex networks; new evidence of infiltration; and the increasing use of sophisticated counter-surveillance measures by officials under investigative scrutiny.

#### 2011–12 in numbers

Mandatory notifications from heads of agencies	73	Referrals from other sources	38
'Own initiative' identifications of corruption issues	3	ACLEI investigations commenced	9
Reports to the Minister	1		
Hearings held	9	'Notices to Produce' issued	15
Search warrants	1	Use of electronic surveillance powers (by ACLEI)	16
Issues referred to other agencies for investigation	46	Investigation reports from other agencies (reviewed by ACLEI)	25
Submissions to Inquiries and policy consultations	5	Presentations about integrity and corruption prevention	20
Total resources	\$6.110 million	Staffing establishment	24

# 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, investigating and preventing corrupt conduct.

The agencies subject to the Integrity Commissioner’s jurisdiction are the Australian Crime Commission (the ACC), the Australian Customs and Border Protection Service (Customs and Border Protection), the Australian Federal Police (the AFP) and the former National Crime Authority (the NCA).

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 RESPONSIBILITIES	<ul style="list-style-type: none"><li>&gt; Detect, investigate and prevent corrupt conduct.</li><li>&gt; Maintain and improve the integrity of law enforcement staff, through awareness-raising and making recommendations for reform of practices and laws.</li><li>&gt; Collect and analyse information about corruption, and inform the Australian Parliament about patterns and trends.</li></ul>
OUR APPROACH	<div>Leadership</div> <div>Partnership  Independence</div>
OUR VALUES	<ul style="list-style-type: none"><li>&gt; Innovation and excellence.</li><li>&gt; Cooperation and communication.</li><li>&gt; Fairness and objectivity.</li></ul>

## 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 in support of 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 members of the public, the Minister, members of law enforcement and other government agencies, and from ACLEI's own detection initiatives. The heads of the ACC, Customs and Border Protection and the AFP must also 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 also aims 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 PARTNERSHIPS

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 recognises both the continuing responsibility that the law enforcement agency heads have for the integrity of their staff members and the independent role that the Integrity Commissioner plays.

## STRATEGIC PRIORITIES

ACLEI assists the ACC, Customs and Border Protection and the AFP to maintain the integrity of their staff members in the face of risk associated with law enforcement activities that may give rise to corrupt conduct. Under the LEIC Act, the Integrity Commissioner must also give priority to serious or systemic corruption in those agencies.

Accordingly, the Integrity Commissioner focuses especially on corruption issues that may:

- > involve a suspected link between law enforcement and organised crime;
- > bring into doubt the integrity of senior law enforcement managers;
- > relate to law enforcement activities that have a higher inherent corruption risk;



- > warrant the use of the Integrity Commissioner's information-gathering powers, including hearings; or
- > would 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 three agencies in the Integrity Commissioner's jurisdiction.

ACLEI's outcome, program objective and performance measures are detailed in the *2011–12 Portfolio Budget Statements* and are summarised at Chapter 3—*Performance overview*.

## INDEPENDENCE

The Integrity Commissioner is a statutory officer and the Chief Executive Officer of ACLEI. ACLEI is part of the Attorney-General's portfolio. The Minister for Home Affairs and Justice is 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 ask the Integrity Commissioner to conduct a public inquiry, but cannot direct how inquiries or investigations will be conducted.

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 staff members 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.

Chapter 5—*Assessments and investigations* sets out how corruption issues were dealt with during 2011–12.

### Investigative powers

A challenge faced by ACLEI is that those officers subject to investigation by the Integrity Commissioner are likely to be well-versed in law enforcement methods, and may be skilled at countering them in order 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;
  - electronic and physical surveillance;
  - controlled operations;
  - assumed identities;
  - scrutiny of financial transactions; and
  - access to specialised information databases for law enforcement purposes;
- > 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.

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 whistleblowers can be protected.

## Monitoring of agency investigation outcomes

When the Integrity Commissioner decides not to investigate and refers a corruption issue to the ACC, Customs and Border Protection, the AFP or another Commonwealth Government agency for it to investigate without ACLEI's oversight or management, the Integrity Commissioner retains an interest in the investigation's progress and outcome. For such an investigation, this report uses the term 'government agency 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 reports

Investigations completed by the Integrity Commissioner result in a report to the Minister. 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 can be published by the Integrity Commissioner when the Integrity Commissioner considers it to be in the public interest. If a public hearing were held as part of the investigation, or if a public inquiry were requested by the Minister, 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 can 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 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 completed investigation, and any recommendations made (see Chapter 6—*Reports to the Minister*).

## Prosecutions, civil actions and disciplinary action

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 or to proceedings under the Proceeds of Crime Act.

## DETECTION

### Receiving and disseminating information about corrupt conduct

An important 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 members of the public, other government agencies or the Minister, to refer a corruption issue to the Integrity Commissioner. Special legislative arrangements make it lawful for 'whistleblowers' from within 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 about a corruption issue or 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 all possible 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 risks in law enforcement is that organised criminal networks may seek to use infiltration and compromise tactics to facilitate unlawful activities. The staff members of law enforcement agencies are possible 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.

### Policy initiatives

In support of the Integrity Commissioner's functions, ACLEI contributes its knowledge about corruption risk and deterrence measures to assist the development of domestic anti-corruption policy. This contribution to broader policy development aligns with ACLEI's investigation, intelligence and corruption prevention responsibilities.

### Anti-corruption cooperation

ACLEI's integrity partnership approach is expressed in a number of other ways. For instance, ACLEI facilitates a *Community of Practice for Corruption Prevention*, made up of the corruption prevention practitioners of the agencies in the Integrity Commissioner's jurisdiction. Because of their law enforcement function, these three agencies face broadly similar challenges to their integrity, for instance the danger of infiltration or compromise by organised crime.

The partnership approach also extends to relationships with other integrity and law enforcement agencies, and with other Federal, State and Territory Government agencies. ACLEI devotes time and effort to establishing and maintaining productive relationships with key partners in the integrity system in Australia. ACLEI is also part of an international community of anti-corruption agencies and makes an active contribution in this sphere.

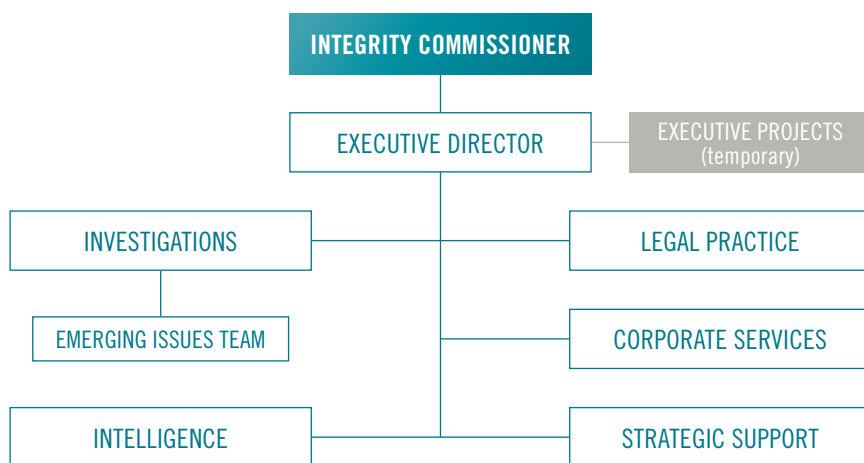
More information about ACLEI's contribution to strengthening integrity can be found in Chapter 4—*Strengthening integrity systems*.

## ORGANISATIONAL STRUCTURE

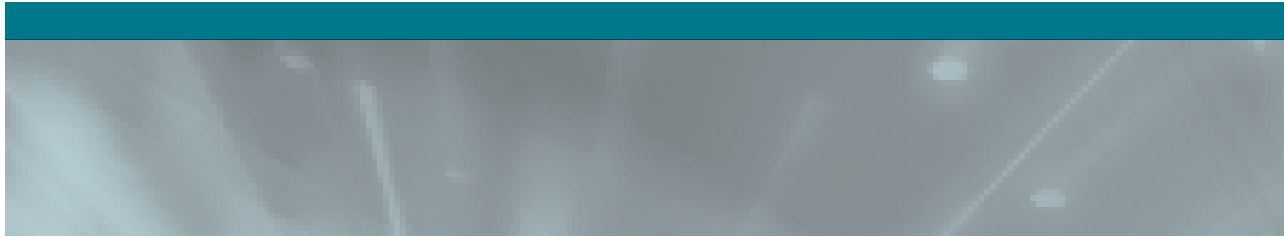
As at 30 June 2012, ACLEI had ongoing funding for an average staffing level of 24 people, including the Integrity Commissioner.

ACLEI's organisational structure is shown in Figure One.

**FIGURE ONE: ACLEI's organisational structure as at 30 June 2012**



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



DETECT DISRUPT DETER





## 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

As an agency with a high operational tempo, ACLEI is susceptible to sudden increases in complexity or volume of work. An ability to draw upon investigation partnerships and resourcing arrangements with other agencies assists the Integrity Commissioner to manage ACLEI resources and absorb some variation in workload.

The 2011–12 year was one of sustained high tempo across ACLEI, which tested areas of ACLEI's in-house capacity. In addition, a confluence of opportunities meant that some capability-building projects could be advanced. Accordingly, in addition to ACLEI's usual activities, the Integrity Commissioner gave priority to six key projects, namely:

- > investigating a number of serious corruption issues—some of which involved short- and medium-term deployments of ACLEI staff, establishment of temporary office facilities interstate, close coordination with other agencies, and extensive use of covert investigation methods;
- > working with partner agencies to scope and develop various legislative proposals and administrative arrangements, aimed at establishing a common integrity platform in the law enforcement environment;
- > providing administrative support to an independent review of ACLEI's implementation of the Customs and Border Protection jurisdiction (the Hamburger Review) and a scoping study of resource requirements if ACLEI's jurisdiction were expanded further (the Ian Carnell Review), and attending to their respective findings;
- > extending ACLEI's Canberra premises to improve taskforce facilities, accommodate the 'concertina model' of staff expansion and improve ACLEI's technical capabilities;
- > negotiating a replacement Enterprise Agreement and updating staff policies and procedures to strengthen ACLEI's governance arrangements; and
- > upgrading ACLEI's information technology platform and operations support software to improve capability and effectiveness.

The focus on delivering these projects meant that ACLEI exceeded its previous performance against some Key Performance Indicators, and fell short against some others, as reported in this chapter.

In May 2012, the Government announced an additional \$0.75 million per year—provided through a reallocation of resources within the Attorney-General's portfolio, and transferred from Customs and Border Protection—available to ACLEI from 1 July 2012. The additional funding will be used to strengthen ACLEI's secretariat function, further develop the corruption prevention capability, and add to operations resources.

## PLANNED OUTCOMES

Annual reporting by Australian Government agencies is based on the ‘outcome and programs’ structure established 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](http://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 2011–12, 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 2011–12 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 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.

## REVIEWS OF ACLEI

In February 2012, the Minister appointed Mr Peter Hamburger PSM to conduct an independent *Review of the implementation of ACLEI's jurisdiction to deal with corruption issues within the Australian Customs and Border Protection Service*. The review examined the first twelve months of the extended jurisdiction—namely, from January 2011 to January 2012.

Noting that ACLEI's workload is "subject to rapid and unexpected change", the Review's general conclusion was:

*The implementation of ACLEI's jurisdiction to deal with corruption issues within [Customs and Border Protection] has been successful in terms of the development and investigation of important cases. However, the pressure of this casework, added to the legacy of under-resourcing in ACLEI's earlier years, has severely limited the extent to which some strategic priorities have been able to be addressed. It has also crowded out important systems development work.*

The Review identified three strategic priorities that were seen as important to underpin ACLEI's next phase of development. These priorities are:

- > to be able to contribute more to developing and acting on lessons from its initial casework in the Customs and Border Protection jurisdiction;
- > to embed a new staffing model that reflects ACLEI's unique mode of operating in an 'integrity partnership'; and
- > to drive to completion a project to establish and embed in normal operations a range of foundation systems in the broad area of information management.

Accordingly, the Review recommended (in summary) that:

- > ACLEI explore the scope for seconding suitably senior and experienced staff from law enforcement agencies to assure ACLEI maintains up-to-date major investigation experience and expertise;
- > the Integrity Commissioner continue to build an understanding among ACLEI staff of ACLEI's role and the need to work jointly with other agencies;
- > ACLEI establish a regular forum for relevant Customs and Border Protection and ACLEI staff to meet to discuss integrity issues;
- > funding go towards completing ACLEI's information management project within the next 12 months;
- > ACLEI work with Customs and Border Protection on communications and training strategies around increasing awareness of ACLEI's role and improving lessons learned from current integrity investigations; and
- > ACLEI refine its processes for managing and investigating integrity matters notified by law enforcement agencies.

The Government has agreed to all of the recommendations made in the report. ACLEI has since commenced a restructure—including establishing a new Strategic and Secretariat Branch, and thereby moving to a two-Branch structure—to develop or give greater priority to initiatives that respond to the Hamburger Review recommendations.

An additional annual amount of \$0.75 million was appropriated by the Government in the 2012 Budget, to be available to ACLEI from 1 July 2012. The Integrity Commissioner will direct these additional resources towards the priorities identified by Mr Hamburger, which will add considerably to ACLEI's critical mass, agency flexibility and to effectiveness.

The Hamburger Review also suggested that any future expansion of ACLEI's jurisdiction or of its functions should be scoped in advance and resourced at the time so as not to detract ACLEI from accomplishing strategic priorities.

Accordingly, in April 2012, the Minister appointed former senior public servant Mr Ian Carnell AM to conduct a Scoping Study of the Government's proposal to include a further three agencies in the LEIC Act jurisdiction. (ACLEI reimbursed the Attorney-General's Department \$29,964 (including GST) for the cost of the Scoping Study. This cost is disclosed here for reasons of transparency and accountability.)

The Government accepted the findings of the Carnell Scoping Study, and agreed to provide further resources to accommodate the proposed expansion of ACLEI's jurisdiction. The Minister has since indicated that an additional appropriation of \$1.3 million over two years will be made available from 2013–14, and the situation will be reviewed again following implementation.

## 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 provided in Part 6 of this report.

In comparison to previous years, ACLEI achieved the same standard, or exceeded its performance, against most KPIs. Attention given to various priority investigations and agency-building projects in the reporting year meant that not all KPIs were met to the same level, or in the same way, as previous years.

In general, ACLEI considers that this practice—of allocating resources flexibly according to priority and taking into account both short-term needs and longer-term objectives—is a responsible use of the resources available in any year. However, some key outcomes—such as bringing investigations to finality when a person has already been suspended from duty or dismissed—were not adequately met in 2011–12.

The following pages provide an overview of ACLEI's performance in 2011–12 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 them can be maintained.

The preparedness of the ACC, Customs and Border Protection 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. 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 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 sources—audits, intelligence and internal reports—the information provided to ACLEI tends to be high quality and actionable. In this reporting year, there was a significant increase of 58% in the volume of notifications—73 overall (or 66, net of duplicates<sup>1</sup>) in 2011–12, compared with 46 the previous year.

Diversity in the sources of information is also an indicator of effectiveness. This year, ACLEI experienced another significant increase in the number of referrals received from government agencies (two in 2009–10, ten in 2010–11 and 18 in 2011–12).

These results reflect the impact of the *Commonwealth Organised Crime Strategic Framework*. In that framework, corruption is recognised by law enforcement agencies and their partners as a facilitator of serious criminal activity, and a focus is given to working cooperatively and sharing intelligence about corruption risk across agency boundaries. The results also demonstrate the effectiveness of ACLEI's 'two-level approach' to corruption detection, whereby ACLEI works in integrity partnership with the operational areas of law enforcement agencies, as well as their professional standards areas, to identify possible corrupt conduct.

Table One sets out ACLEI's performance against KPI One.

<sup>1</sup> See Chapter 5—*Assessments and investigations* for an explanation of 'duplicates' (information about a corruption issue provided by more than one source).

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>Notifications from each agency increased significantly in 2011–12.</p> <p>All agencies discuss possible notifications with ACLEI on a routine basis, and raise possible corruption issues and risks. The AFP provides ACLEI with online access to its Professional Standards case-handling system, and Customs and Border Protection is exploring this possibility.</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. ACLEI had no significant concerns in relation to the timeliness of agency notifications during the reporting period.</p> <p>Stakeholder 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. The 2012 <i>Review of the implementation of ACLEI's jurisdiction to deal with corruption issues in the Australian Customs and Border Protection Service</i>, conducted by Mr Peter Hamburger PSM, found that the inter-agency relationship was positive, but that ACLEI could improve communication of some decisions.</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>Eighteen referrals were received from other government agencies, up from ten in 2010–11 and two in 2009–10.</p> <p>ACLEI engaged direct with a variety of law enforcement agencies to obtain information about corruption risk in LEIC Act agencies (ACLEI's 'two level' approach).</p> <p>ACLEI again worked 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.	Whistleblowers, human sources and members of the public provided information direct to ACLEI in the year. (ACLEI no longer publishes statistical information, for operational security reasons.)	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 be raised by 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.

As a benchmark, ACLEI aims to complete 75% of all assessments within 90 days of receipt of a notification or referral. ACLEI fell short of its target this year, with 65 of 97 completed assessments finalised in this time frame (63% this year, compared to 76% in 2010–11 and 60% in 2009–10). However, the number of assessments completed in 2011–12 (97) exceeds those of the previous two years (80 in 2010–11 and 71 in 2009–10). Table Two sets out these results.

In 2012–13, ACLEI intends to examine options to streamline assessment procedures which had been developed in earlier years and under different circumstances.

TABLE TWO: Performance snapshot—assessments are prioritised

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
Upon receipt, ACLEI assesses information about corruption to determine how each issue should be dealt with. Credible information about corruption is prioritised.	<p>ACLEI's assessment and prioritisation process includes factors such as: reliability of information; susceptibility of the issue to investigation; opportunity for real-time evidence collection; and seriousness and impact of the issue.</p> <p>In the 2011–12 year, 111 corruption issues were notified or referred, and a further 11 issues from the previous year were also subject to assessment. All notifications and referrals were subject to initial assessment upon receipt, to determine each one's priority.</p> <p>63% of all notifications and referrals, which were received in 2011–12, and for which assessments were completed in the reporting year, were done within 90 days of receipt. At the close of the year, another 17 assessments were in progress, of which 13 were more than 90 days old.</p>	Chapter 5— <i>Assessments and investigations (see How workload was dealt with)</i>

### 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 staffs is achieved primarily through investigation reports made by the Integrity Commissioner 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.

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 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 strengthened investigation-governance mechanisms during the year by commencing, and largely completing, a review of all Standard Operating Procedures. This initiative supports an ongoing program of compliance training for operations staff, secondees and other 'authorised officers', relating to their use of law enforcement and LEIC Act powers.

With additional resources provided by the Government from the Confiscated Assets Account—a fund established under the *Proceeds of Crime Act 2002* for the purposes of crime prevention and related activities—ACLEI appointed a staff member to coordinate ACLEI's use of physical and technical surveillance resources and other warrant-based activities. This measure has strengthened ACLEI's compliance regime, operational responsiveness and effectiveness.

ACLEI also continued its arrangements for the governance of investigations conducted jointly with other agencies. Accordingly, joint management committees—which involved senior officers from ACLEI and partner agencies—coordinated any joint operations for major investigations and taskforces.

ACLEI's Executive Director provides advice to the Integrity Commissioner about the allocation of ACLEI's operational resources, including the possible discontinuation of investigations, when warranted. This review and reconsideration facility allows ACLEI to maintain a focus on serious and systemic corruption issues. Accordingly, in 2011–12, ACLEI reconsidered and discontinued five ACLEI investigations, compared with 15 in 2010–11 and one in 2009–10. In each instance, consideration was given to disseminating collected evidence to relevant agencies, in accordance with the LEIC Act and other applicable legislation.

In accordance with ACLEI's rigorous program of compliance at points of key risk, the Audit Committee commenced an internal audit of ACLEI's exhibit management procedures.



**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>A full review of Standard Operating Procedures was commenced, to ensure they remain appropriate in the context of taskforce operations and major investigations. At 30 June 2012, the project was well advanced.</p> <p>To improve governance and operational effectiveness as the use of covert methods increases, a temporary position was established to coordinate ACLEI's use of intrusive powers and other warrant-based activity.</p> <p>ACLEI's procedures continue to require the Integrity Commissioner's approval for new warrant applications.</p> <p>ACLEI provided specialised training to operations staff (including secondees and 'authorised officers') to ensure compliance with ACLEI guidelines and legal requirements concerning the use of powers.</p> <p>An internal audit of ACLEI's exhibit management was commenced and will be completed in 2012–13.</p>	Chapter 9— <i>Accountability</i> (see <i>Internal accountability</i> )
ACLEI investigations are properly managed.	<p>The management of individual investigations was reviewed by the Integrity Commissioner and the Executive Director at key milestones, such as the swearing of affidavits or the exercise of powers, to ensure effective and appropriate use of intelligence and other resources and the lawfulness and appropriateness of operational directions.</p> <p>Each investigation is governed by both strategic and tactical investigation plans and is overseen by the Executive Director. A taskforce convened during the year, which involved cooperation and joint investigation with a number of agencies, was managed by a Joint Management Committee.</p> <p>ACLEI reviews regularly the deployment of investigative resources, measured against ACLEI's strategic priorities. As a result, of the 28 investigations active during the year, five were reconsidered and discontinued. Another three corruption issues, which had been referred to the AFP for internal investigation, were discontinued (in the same way).</p> <p>Various disseminations of information were made while investigations continued—for instance, to assist in managing operational risks, to provide criminal intelligence, or to enable the commencement of disciplinary action concerning serious breaches of duty.</p>	Chapter 5— <i>Assessments and investigations</i>

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
Investigation reports provided to the Minister are of high quality.	One investigation report, about two related corruption issues, was completed in 2011–12 and provided to the Minister show that the relevant corruption issues were dealt with properly.  The report received feedback from key stakeholders—in this case, the Chief Police Officer of ACT Policing—recognising the contribution made to strengthening the integrity framework.	Chapter 6— <i>Reports to the Minister</i>
Advice is provided to the Minister in a timely way.	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 issues relating to ACLEI and its investigations, to the extent that administrative action or legislative amendment may be required.  All requests for Minister's Office briefings were met to appropriate standards and within agreed time frames.  ACLEI's need to prioritise other investigations has contributed to delays in finalising three investigation reports to the Minister. The three reports each related to matters in which a person had been dismissed or suspended from duty.	Chapter 2— <i>Agency overview (see Independence)</i>

#### KPI FOUR—ACLEI monitors corruption investigations conducted by law enforcement agencies

##### Why does this measure matter?

The Integrity Commissioner may refer corruption issues for internal investigation by the ACC, Customs and Border Protection or the AFP, or ask the AFP to investigate corruption issues relating to the other two 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 these investigation reports provides grounds for public confidence that internal investigations are conducted with propriety, 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 powers under the LEIC Act would be necessary.

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

##### How did ACLEI meet this measure?

In 2011–12, ACLEI investigation managers met on a regular basis with the professional standards units of the ACC, Customs and Border Protection and the AFP to consider the progress of any corruption issues that the Integrity Commissioner had referred for internal investigation. As a result of this liaison, three AFP internal investigations were reconsidered and

discontinued. This framework also allowed for other internal investigations to be advanced or given priority, with ACLEI’s expectations taken into account.

ACLEI received 25 reports of completed internal investigations during the period—22 concerning AFP appointees, two concerning Customs and Border Protection staff members, and one concerning an ACC staff member. The Integrity Commissioner did not consider that any comments or recommendations were necessary, and accepted the reports’ conclusions as appropriate.

At 30 June 2012, seventy-three internal investigations were in progress, up from 48 in the previous reporting year. This change aligns with the rise in notifications during the year, which in turn reflects the current focus that the agencies concerned are applying to corruption detection and awareness-raising, in the context of a heightened threat environment.

TABLE FOUR: Performance snapshot—law enforcement agency internal investigations

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
All agency corruption investigation reports provided to ACLEI for review are assessed for intelligence value and completeness.	Twenty-five agency internal investigation reports were received and reviewed in the year (compared with 18 in 2010–11).  All agency investigation report conclusions were accepted and no comments or recommendations were necessary.	Chapter 5— <i>Assessments and investigations</i> (see <i>Investigations conducted by other agencies</i> )
ACLEI liaises regularly with the agencies’ professional standards units.	Close liaison led to three internal investigations being discontinued, since no evidence of corrupt conduct was apparent and further investigation under the LEIC Act was not warranted.  In 2011–12, ACLEI met regularly with the professional standards areas of the agencies to discuss investigations.  Senior ACLEI staff gave induction briefings to agency Professional Standards investigators and other staff, to set expectations and share insights.	Chapter 5— <i>Assessments and investigations</i> (see <i>How workload was dealt with</i> )  Chapter 4— <i>Strengthening integrity systems</i> (see <i>Building resistance to corruption</i> )

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 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?

During 2011–12, ACLEI contributed to a number of important whole-of-government initiatives or reviews relating to law enforcement practice and accountability, and about integrity arrangements generally. These projects included the development of Australia's first National Anti-Corruption Plan, the ACC's assessment of threat and harms arising from corrupt conduct that may facilitate serious crime, the assessment by an international panel of Australia's compliance with certain terms of the *United Nations Convention against Corruption*, and delivery of corruption-awareness training to Australian Government fraud control practitioners.

As in previous years, the Integrity Commissioner made oral and/or written submissions to various Parliamentary inquiries, including to the *Inquiry into integrity of Commonwealth overseas law enforcement operations*, which the Parliamentary Joint Committee on ACLEI began in 2011–12.

In November 2011, the Integrity Commissioner was part of a panel session comprising the heads of three of Australia's anti-corruption commissions, held at the Australian Public Sector Anti-Corruption Conference in Fremantle, Western Australia. In December 2011, the Integrity Commissioner gave a presentation at the launch of the public consultations for the design of Australia's National Anti-Corruption Plan, at which he spoke about possible options for addressing corruption trends and issues in the twenty-first century.

The *Community of Practice for Corruption Prevention*, which was initiated by ACLEI in June 2011, met three times in the reporting year. This forum is a practical way for ACLEI to bring together practitioners from the ACC, Customs and Border Protection and the AFP to discuss lessons from various investigations that may inform corruption prevention initiatives.

ACLEI also gave substantial practical and strategic support to a project conducted during the year by Customs and Border Protection. The project was designed to update that agency's integrity arrangements in light of changes in risk relating to organised criminal activity in Australia's border law enforcement environment. At the close of the reporting year, draft legislation was being prepared to enable new corruption prevention measures for Customs and Border Protection that more closely mirror existing arrangements in the ACC and the AFP.

**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>The investigation report provided to the Minister considered how law enforcement environments could be strengthened against corruption risk. The agency concerned took steps to mitigate the operational corruption risks which were identified during the investigation.</p> <p>Corruption prevention lessons from other investigations, which are not yet concluded, contributed to the design of forthcoming legislative arrangements, including integrity testing.</p>	<p>Chapter 6—<i>Reports to the Minister</i></p> <p>Chapter 4—<i>Strengthening integrity systems</i> (see <i>Contributing to anti-corruption policy</i>)</p>
Submissions that relate to corruption prevention or enhancing integrity may be made to government or in other relevant forums.	<p>ACLEI made submissions to five Australian Government or Parliamentary inquiries and provided policy input to a number of other inquiries and initiatives, including consultations relating to the National Anti-Corruption Plan.</p> <p>ACLEI remained in contact with stakeholders and researchers, as a basis for confidence and currency of the advice ACLEI provides.</p>	<p>Chapter 4—<i>Strengthening integrity systems</i> (see <i>Contributing to anti-corruption policy</i>, <i>Making strategic linkages</i> and <i>Fostering the anti-corruption community</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](http://www.aclei.gov.au)), speeches, presentations and the distribution of a promotional pamphlet and other publications.

During 2011–12, the Integrity Commissioner, and ACLEI staff, addressed 20 strategically selected 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 main focus of outreach this reporting year was to support those initiatives which are already in place or that are contemplated by the LEIC Act agencies. For instance, the Integrity Commissioner addressed officers who have trained, or are training, to be confidants in the AFP’s professional reporting scheme. ACLEI staff also continued a program of pre-deployment integrity training for the AFP International Deployment Group. ACLEI also assisted Customs and Border Protection to develop and trial a training package for managers of high corruption risk activities and environments. In the coming year, ACLEI expects to give assistance to agencies, such as the ACC, that are preparing e-learning corruption awareness packages.

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>Additional security features were added to ACLEI’s website, to give confidence to online reporting of corruption issues. The ‘look and feel’ of the website was also improved, and content updated, to make it easier to use.</p> <p>All agencies conducted broad-based integrity and anti-corruption marketing activities during the year, all of which promote the role of ACLEI.</p> <p>The Integrity Commissioner and ACLEI staff made three awareness-raising presentations about integrity topics to Customs and Border Protection audiences and nine such presentations to AFP audiences.</p>	<p>Chapter 4—<i>Strengthening integrity systems</i> (see <i>Building resistance to corruption</i>)</p> <p>Appendix 1—<i>Papers and presentations</i></p>

MEASURE	PERFORMANCE SNAPSHOT	FURTHER INFORMATION
Targeted presentations about integrity are made to diverse audiences.	<p>The Integrity Commissioner and ACLEI staff made a total of eight presentations to public or special interest audiences, including the Integrity Commissioner's speech <i>A "3D" view of anti-corruption agencies</i>, at the Australian Public Sector Anti-Corruption Conference, held in Fremantle in November 2011.</p> <p>The Integrity Commissioner's address in December 2011 to the International Anti-Corruption Day forum, held by the Attorney-General's Department to launch the National Anti-Corruption Plan, was published in <i>The Canberra Times</i>, under the title <i>The fragile global economy will test our staff's integrity</i>.</p> <p>The Integrity Commissioner addressed participants in the AFP's annual training for confidants, who are a key part of the AFP professional reporting scheme.</p> <p>ACLEI and Customs and Border Protection developed and trialled a training package for managers of high corruption risk environments.</p>	<p>Chapter 4—<i>Strengthening integrity systems</i> (see <i>Building resistance to corruption</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 robust security and integrity measures in place in order to remain a trusted and effective guard against corruption.

##### How does ACLEI meet this measure?

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. Regular audits are undertaken of access logs for databases.

During the year, ACLEI implemented the new Australian Government *Protective Security Policy Framework*, which introduces a new classification system for controlling storage and access to official information and documents. The changes, which apply to all agencies, integrate electronic and physical forms of document storage and classification systems. ACLEI was among the first agencies to apply the new standards.

A review and update of Standard Operating Procedures, including those that may affect handling of personal information, was commenced. The review gave priority to refreshing ACLEI's information-handling, record-keeping and privacy guidelines. At the close of the reporting year, the project was nearing completion.

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 designed and delivered legal compliance and awareness training to operations staff to strengthen information-handling governance.</p> <p>An update of operations documentation was commenced—including ACLEI's Standard Operating Procedures—giving priority to guidelines which involve the handling of personal information.</p> <p>ACLEI handles information, including exhibits, within a secure environment, segmented into areas requiring different levels of access.</p> <p>Regular audits of database access logs were undertaken as a reassurance measure.</p> <p>ACLEI's minimum security classification for staff remains at Negative Vetting Level 2 (Top Secret).</p> <p>There were no reported security incidents involving unauthorised release of personal information during the year.</p>	<p>Chapter 8—<i>Corporate management</i> (see <i>Governance practices, Management of human resources 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 for 2011–12 was \$5.579 million (up from \$4.779 million the previous year), providing for an average staffing level of 24 people, including the Integrity Commissioner (up from 19 the previous year).

The provision of these additional resources accompanied the inclusion of the Australian Customs and Border Protection Service into the Integrity Commissioner’s jurisdiction, which occurred on 1 January 2011. This measure was included in the Pre-Election Economic and Fiscal Outlook 2010 and later confirmed in the 2010 Budget Additional Estimates process.

During 2011–12, ACLEI sought approval to record an operating loss of up to \$0.531 million to provide one-off costs for operational reasons and to accommodate movement in leave provisions as a result of the decreased government bond rate. The Minister for Finance and Deregulation approved these requests in April 2012.

ACLEI’s actual amount spent over appropriation in 2011–12 was \$0.427 million. Taking into account other factors, including depreciation, amortisation and internal efficiencies, ACLEI closed the year with an operating surplus of \$0.100 million, as shown in Table Ten. The total actual cost of ACLEI to government through appropriations in 2011–12 was \$5.979m, as shown in Table Eight.

During 2011–12, ACLEI received additional funds from an Australian Government grant scheme established under the *Proceeds of Crime Act 2002*, which applies confiscated criminal assets to crime prevention purposes. ACLEI has been given \$2.56 million over two years to facilitate the agency’s *Surveillance Capability Enhancement Pilot Project*. These funds are over and above appropriations received through the annual Budget process. The first instalment of these resources, namely \$0.775 million, is recognised in Table Nine as ‘Section 31 receipts’ (under

the *Financial Management and Accountability Act 1997*). A Memorandum of Understanding is presently being developed to establish a governance framework to enable a partner agency (the ACC) to provide surveillance services to ACLEI.

ACLEI has applied for approval for an operating loss in four of its six operating years. As noted in last year's annual report, achieving accurate budget forecasting will be an ongoing challenge for ACLEI. This situation is due to the relatively small size of ACLEI's budget and the relatively high proportion allocated to salaries and the unpredictability of variable costs associated with some investigations. These factors include the prospect for legal challenge, costs associated with interstate deployments, the need for access to computer forensic services, and expenses related to obtaining short-term surveillance capabilities.

As a prudent financial manager, ACLEI continues to look for efficiencies in its operations. An efficiency achieved during 2011–12 was to maintain and develop a supply of experienced, security-cleared staff who could work on a casual or part-time basis to assist ACLEI to meet fluctuations in workload, or to accommodate out-of-hours work, associated with live monitoring of any surveillance operations. While the cost savings are modest, the value to ACLEI of obtaining such flexibility has been great.

**TABLE EIGHT: Resources available to ACLEI**

	2010–11			2011–12			2012–13
	Estimated expenses <sup>1</sup>	Revised estimated expenses <sup>2</sup>	Actual expenses <sup>3</sup>	Estimated expenses <sup>4</sup>	Revised estimated expenses <sup>5</sup>	Actual expenses <sup>3</sup>	Estimated expenses <sup>6</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Resources	4,779	5,217	4,802	5,579	6,110	5,979 <sup>7</sup>	6,043
Average staffing level	19	24 <sup>8</sup>	22.3	24	24	24	29

1 Budgeted estimates are based on Table 3.2.1: Budgeted departmental income statement, ACLEI, *2010–11 Portfolio Budget Statements, Budget Related Paper No. 1.2, Attorney-General's Portfolio*, p 84.

2 Budgeted estimates are based on Table 2.1: Budgeted expenses and resources for Outcome 1, ACLEI, *Portfolio Budget Statements 2011–12, Attorney-General's Portfolio*, p 75. Transfer of resources for an expanded jurisdiction, namely the Australian Customs and Border Protection Service, commenced from 1 January 2011.

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 and resources for Outcome 1, ACLEI, *2011–12 Portfolio Budget Statements, Budget Related Paper No. 1.2, Attorney-General's Portfolio*, p 75.

5 Budgeted estimates are based on Table 2.1: Budgeted expenses and resources for Outcome 1, ACLEI, *Portfolio Budget Statements 2012–13, Attorney-General's Portfolio*, p 74.

6 Budgeted estimates are based on Table 2.1: Budgeted expenses for Outcome 1, ACLEI, *2012–13 Portfolio Budget Statements, Budget Related Paper No. 1.2, Attorney-General's Portfolio*, p 74. Following the government-initiated *Review of the implementation of the Australian Commission For Law Enforcement Integrity's Jurisdiction to deal with corruption issues within the Australian Customs and Border Protection Service*, by Mr Peter Hamburger PSM, an additional resource level transfer was approved in the 2012–13 Budget.

7 A variation in result of \$0.027 million is attributable to a change in estimated depreciation and amortisation expense between Budget Estimates and actual expense (see Table Ten in this chapter).

8 In 2010–11, these additional resources were available for the second half of the financial year only.



## Performance

ACLEI's audited 2011–12 Financial Statements appear in Part 4 of this report.

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

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 and Deregulation to be used in any year); and
- > unspent departmental non-operating equity injections from previous years.

**TABLE NINE: Agency resource statement 2011–12**

		Actual available appropriation for 2011–12 \$'000	Payments made 2011–12 \$'000	Balance remaining 2011–12
		(a)	(b)	(a) – (b)
Ordinary annual services <sup>1</sup>				
Departmental appropriation <sup>2</sup>		6,318	6,128	190
Previous years' outputs		3,185	-	3,185
Adjust previous years' outputs <sup>3</sup>		521	-	521
s 31 Relevant agency receipts		825	-	825
Others		78	-	78
<b>Total ordinary annual services</b>	<b>A</b>	<b>10,927</b>	<b>6,128</b>	<b>4,799</b>
Other services <sup>4</sup>				
Equity injections		80	-	80
<b>Total other services</b>	<b>B</b>	<b>80</b>	<b>-</b>	<b>80</b>
Total available annual appropriations and payments		11,007	6,128	4,879
Total net resourcing and payments for ACLEI (A + B)		11,007	6,128	4,879

1 Appropriation Bill (No.1) 2011–12. This amount may also include Prior Year departmental appropriation and s 31 relevant agency receipts.

2 Includes an amount of \$1.168m in 2011–12 for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

3 Adjustment made to prior year departmental appropriations to show total departmental appropriation available at 1 July 2011 (\$3.785m).

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 \$0.100 million (refer also to Note 16A of the Financial Statements, *Net Cost of Outcome Delivery*).

**TABLE TEN: Expenses and Resources 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 <sup>1</sup> 2011–12 \$'000	Actual expenses 2011–12 \$'000	Variation 2011–12 \$'000
	(a)	(b)	(a) – (b)
<b>Program 1.1: Detect, investigate and prevent corruption in prescribed law enforcement agencies; assist law enforcement agencies to maintain and improve the integrity of staff members</b>			
Departmental expenses			
Departmental appropriation <sup>2</sup>	5,681	5,608	73
Expenses not requiring appropriation in the Budget year	429	402	27
<b>Total for Program 1.1</b>	<b>6,110</b>	<b>6,010</b>	<b>100</b>
<b>Total expenses for Outcome 1</b>	<b>6,110</b>	<b>6,010</b>	<b>100</b>
<b>Staffing</b>	<b>2010–11</b>	<b>2011–12</b>	
<b>Average Staffing Level (number)</b>	22.3	24	

1 Full-year budget, including any subsequent adjustment made to the 2011–12 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 Australian Government's integrity framework.

Australian Government law enforcement agencies interact and work together routinely to achieve their law enforcement and regulatory objectives. Increasingly, they also work closely with other Federal, State and Territory Government agencies, and with international partners, to coordinate and achieve intelligence-led outcomes.

The success of this growing practice depends on the ability of the agencies that work together to have confidence in each other's integrity and anti-corruption systems. The LEIC Act establishes the basis by which these conditions may be brought about—a common integrity platform, shared by the agencies within the LEIC Act jurisdiction.

An objective of the LEIC Act is to maintain and strengthen integrity in Commonwealth law enforcement agencies. Accordingly, ACLEI works with the LEIC Act agencies, the Attorney-General's Department and with the Minister to develop or refine policy settings in order to strengthen the broader integrity environment and ensure that the right tools are in place to detect, disrupt and deter corrupt conduct in law enforcement agencies.

ACLEI's contributions and achievements in relation to strengthening integrity systems are described in this chapter.

## BUILDING RESISTANCE TO CORRUPTION

The Integrity Commissioner shares the responsibility for maintaining the integrity of the agencies in the LEIC Act jurisdiction with the heads of those agencies. Accordingly, ACLEI does not attempt to assume this responsibility, nor to duplicate existing corruption prevention initiatives, but seeks opportunities to contribute an 'outside view' that may strengthen the integrity framework already in place in each agency. This approach is based on the integrity partnerships that the Integrity Commissioner and ACLEI have established with these three agencies.

### Community of Practice for Corruption Prevention

As a consequence of their law enforcement functions, the agencies in the Integrity Commissioner's jurisdiction face broadly similar challenges to their integrity—for instance, the danger of infiltration by organised crime. The *Community of Practice for Corruption Prevention* was established in 2010–11. Convened by ACLEI, it brings together corruption prevention practitioners from all three agencies to share best practice, generate new ideas to deter and prevent corrupt conduct and to carry out joint projects on any key or emerging issues.

The *Community of Practice for Corruption Prevention* met three times during 2011–12. At each meeting, participants exchanged information about practices being developed and lessons from their experience as corruption prevention practitioners, and discussed relevant research papers. At different times, the *Community of Practice* also invited presenters from the Australian Public Service Commission Ethics Advisory Service and the Attorney-General's Department to provide briefings or to observe proceedings.

Key topics discussed included:

- > corruption susceptibility factors that may influence the behaviour of individual staff (see Chapter 7—*Patterns and trends*);
- > the role and value of different corruption prevention methods;
- > communication and messaging strategies to improve anti-corruption outcomes and build the integrity base; and
- > development of policy and guidance tools to underpin agency-wide integrity objectives.

The *Community of Practice* is an important support mechanism for the common integrity platform that is developing among Commonwealth law enforcement agencies.

### Customs and Border Protection Integrity Project

In 2011–12, ACLEI provided strategic and technical assistance to a Customs and Border Protection internal review of its integrity framework and anti-corruption strategies. The project—known as the 'Integrity Project'—was tasked with identifying and evaluating options for strengthening anti-corruption arrangements to take account of changing factors in the threat environment in which Customs and Border Protection staff operate.

The Integrity Project was also informed by a thematic report of risks and suggestions, drawn from ACLEI's experience in investigating corrupt conduct in the Customs and Border Protection law enforcement environment. ACLEI made seventeen practical suggestions, grouped into four themes—the staff integrity policy framework, staff supervision, information security and record-keeping.

At the end of the reporting period, the Customs and Border Protection Integrity Project was close to completion.

### Training 'the front-line of corruption control'

During the year, Customs and Border Protection invited ACLEI to assist with developing corruption awareness tools for managers who work in high corruption risk environments. The Integrity Commissioner has previously described such managers as 'the front-line of corruption control', since they are well-placed to identify corruption indicators and influence the working environment.

Accordingly, ACLEI provided technical advice, course materials and a conceptual framework to inform the design of an ethics curriculum for the Enforcement and Investigations Division of Customs and Border Protection. Delivered to investigation managers as part of the *Diploma of Government (Investigations)*, ACLEI's contribution focused on:

- > having active supervisors who 'set the tone' and who are realistic about corruption risk;
- > providing a 'toolkit', to enable managers to understand the dynamics of corrupt conduct, raise awareness about corruption vulnerabilities in high-risk working environments, and recognise susceptibilities that may affect the behaviour of individuals; and
- > handling any suspicions appropriately.

A senior ACLEI staff member was subsequently invited to make a presentation to the Diploma course in June 2012, on the topic of *Managing ethics and integrity in investigation environments*.

## ACT Community Policing

During the year, the Integrity Commissioner and the Chief Police Officer of Australian Capital Territory (ACT) Policing continued a joint project that is examining corruption risk in the community policing context. The project, which also aims to take stock of any changes emerging in the operating environment that would affect corruption risk, is scheduled for completion in 2012.

## Encouraging integrity reporting

Since corrupt officers seek to hide indications of their conduct, corruption is considered to be 'a hidden crime'. Members of the public and potential whistleblowers 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.

ACLEI makes use of opportunities presented by conferences, and engagement with stakeholders and academics, to give prominence to the broader picture of contemporary integrity challenges and to reinforce an 'integrity reporting' culture. ACLEI's website, pamphlet and targeted presentations also aim specifically to raise awareness about how the Integrity Commissioner and ACLEI can help to protect law enforcement agencies from threats to their integrity. This program is informed by ACLEI's investigations, and information-sharing, corruption prevention and research activities, and is tailored each year to deliver strategic messages that are of most relevance to the operating environment.

During the reporting year, the Integrity Commissioner or senior ACLEI staff made 20 presentations to a range of audiences about integrity topics. For instance, at the AFP's invitation, ACLEI contributed to pre-deployment training for the AFP International Deployment Group and the Integrity Commissioner made a presentation to the AFP Confidant Network on the topic of supporting professional reporting. On five occasions during 2011–12, ACLEI staff also presented to the AFP Professional Standards Induction Program. ACLEI's presentations are listed in Appendix 1—*Papers and presentations*.

ACLEI's pamphlet—*Integrity in law enforcement*—can be found on the *About us* page on the ACLEI website, [www.aclei.gov.au](http://www.aclei.gov.au). The Integrity Commissioner's public speeches are published in full on ACLEI's website under *Reports, submissions and speeches*.

## CONTRIBUTING TO ANTI-CORRUPTION POLICY

The Integrity Commissioner has a responsibility under the LEIC Act to make recommendations for changes to policy, practices and laws in order to reduce the opportunity for corrupt conduct to occur in law enforcement agencies, to aid its detection and to improve integrity generally. ACLEI fulfils this responsibility by sharing information about corruption risk and deterrence measures—for instance, by making submissions to relevant Parliamentary inquiries and Government reviews, or by forming linkages with other agencies whose responsibilities connect to ACLEI's. This contribution to wider policy development is a natural complement to ACLEI's investigation, intelligence and corruption prevention activities.

In 2011–12, the Integrity Commissioner and ACLEI contributed to policy development in relation to coercive and covert information-gathering powers, integrity testing, anti-corruption arrangements and fraud control, and links between corruption and organised crime. Some of these activities are summarised in the following pages.

## Fraud control

During the reporting period, the Attorney-General's Department commenced a series of workshops and other initiatives to support Commonwealth agencies in the development of their Fraud Control Plans under the *Commonwealth Fraud Control Guidelines (2011)*. ACLEI has worked closely with the Department to give a focus to corruption risk as part of the treatment of complex fraud. On 11 April 2012, the Executive Director and a senior ACLEI staff member presented at a forum of fraud control practitioners from Commonwealth agencies on the topic of *Corruption indicators and interventions*. ACLEI recognises the Department's leadership and initiatives in fraud policy and implementation, and anticipates that the two related policy areas—of corruption—and of fraud-control—will continue to benefit from this joined-up approach.

## Organised Crime Threat Assessment

ACLEI continues to work in partnership with the ACC and other agencies to protect Australian law enforcement agencies from the threat of infiltration or corrupt compromise by organised criminal groups. In 2011–12, ACLEI assisted the ACC to update the corruption threat aspects of the *Organised Crime Threat Assessment*. ACLEI's contributions related to observed patterns and trends in the type of corruption threat from organised crime and the connections between corruption and money-laundering.

## National Anti-Corruption Plan

In September 2011, the Australian Government announced its intention to develop Australia's first National Anti-Corruption Plan. The objective of the National Anti-Corruption Plan is to strengthen Australia's existing governance arrangements by working towards a whole-of-government policy on anti-corruption. It is intended that the Plan will examine evolving corruption threats to Australia's national interests and ways that all levels of government can reduce corruption risks. More information about the development of the Plan can be found on the Attorney-General's Department's website under [www.ag.gov.au/anticorruptionplan](http://www.ag.gov.au/anticorruptionplan).

On 9 December 2011—at a function hosted by the Attorney-General's Department to launch the associated public consultation process—the Integrity Commissioner gave a presentation entitled *Corruption trends and issues in the 21st century—where to from here?*.

In his address, the Integrity Commissioner drew attention to the contemporary corruption threats facing Australia—in particular, that of organised crime—and suggested areas of the Australian economy and society to which corruption could cause the greatest harm. Reflecting on ACLEI's experience in fighting corruption in the law enforcement context, the Integrity Commissioner proposed that solutions tailored to specific problems may be applied to target and treat different types of harms.

ACLEI continues to contribute technical expertise—drawn from its experience in investigating law enforcement corruption—to discussions and consultations for the Plan, and to use its networks with State integrity agencies to support the nationwide consultation process.

In February 2012, *The Canberra Times* published an abridged version of the Integrity Commissioner's speech under the title *The fragile global economy will test our staff's integrity*. The Integrity Commissioner's speech can be found in full on the ACLEI website at [www.aclei.gov.au](http://www.aclei.gov.au), under *Reports, submissions and speeches*.

## ACLEI's legislative program

The Integrity Commissioner is alert to the need to ensure that the legislative environment is attuned to the task of countering corrupt conduct. To this end, ACLEI engages with the Attorney-General's Department and participates in wider government debate on matters of legal policy and legislation. In 2011–12, in addition to the activities outlined in this chapter, ACLEI contributed to debate and consultations on such matters as the application of legal professional privilege in Federal investigations, issues of judicial review, financial assistance for people attending hearings, and legislation to support integrity arrangements in agencies in the LEIC Act jurisdiction.

### Inquiry into the Law Enforcement Integrity Commissioner Act

On 14 May 2009, the Parliamentary Joint Committee on ACLEI commenced an *Inquiry into the operation of the Law Enforcement Integrity Commissioner Act 2006*. ACLEI's initial submission to the Inquiry is reported in the Integrity Commissioner's 2009–10 annual report.

The Committee tabled an interim report in the Parliament on 22 February 2010. The interim report made eleven recommendations, including the extension of ACLEI's jurisdiction to include the Australian Customs and Border Protection Service. As an immediate measure, the Government added the law enforcement functions of Customs and Border Protection to the Integrity Commissioner's jurisdiction by regulation, effective from 1 January 2011.

The Chair of the Committee, Ms Melissa Parke MP, tabled the Inquiry's final report in the Parliament on 7 July 2011. In its report, the Committee made a further 10 recommendations aimed at strengthening the operation of the LEIC Act or at improving Australia's anti-corruption arrangements more generally. Three of the recommendations related to the establishment of a second tier to the Integrity Commissioner's jurisdiction, which the Committee suggested should initially comprise the Australian Taxation Office, the Australian Transaction Reports and Analysis Centre (AUSTRAC), CrimTrac, the Australian Quarantine and Inspection Service and the Department of Immigration and Citizenship.

Following its consideration of the Committee's interim and final reports, the Government implemented the following measures to strengthen the operation of the LEIC Act.

- > The *Crimes Legislation Amendment Act (No. 2) 2011*, amended the LEIC Act to include the whole of Customs and Border Protection in the Integrity Commissioner's jurisdiction. This measure responds to Recommendation Three of the Committee's interim report.
- > The *Customs Administration Act 1985* was also amended to authorise the disclosure of protected information, for the purposes of the LEIC Act. This measure puts beyond doubt that it is lawful for Customs and Border Protection staff to report suspected corrupt conduct to the Integrity Commissioner and gives effect to Recommendation Four of the Committee's final report.
- > The *Crimes Legislation Amendment (Powers and Offences) Act 2012* amended the LEIC Act to extend the maximum sum of appointments of an Integrity Commissioner from five years to seven years. The amendment is intended to provide operational flexibility and continuity for ACLEI, and gives effect to Recommendation Five of the Committee's final report.

- > On 28 April 2012, the Minister for Home Affairs and Minister for Justice, the Hon. Jason Clare MP, announced that the Integrity Commissioner's jurisdiction would be broadened in 2013 to include AUSTRAC, CrimTrac and the Biosecurity staff of the Department of Agriculture, Fisheries and Forestry (formerly the Australian Quarantine and Inspection Service). The Law Enforcement Integrity Legislation Amendment Bill 2012 was introduced in the Parliament on 19 September 2012. This measure responds in part to Recommendation Two of the Committee's final report.

During the reporting period, the Government introduced a number of other measures to strengthen the LEIC Act and the broader law enforcement integrity framework. A summary of these measures appears in Appendix 3—*Changes in ACLEI's operating environment*.

Further information about the Inquiry can be found on the Committee's website, at [www.aph.gov.au](http://www.aph.gov.au).

### **Inquiry into integrity testing**

Covert integrity tests simulate opportunities for corrupt conduct, thereby examining the honesty of individuals in a controlled (and observed) situation. Integrity testing has been used by integrity agencies and police services overseas and in Australia as an investigative method and as a deterrent to corrupt conduct and other misconduct.

On 7 July 2011, the Parliamentary Joint Committee on ACLEI commenced an *Inquiry into integrity testing*, to look into the possible introduction of a law enforcement integrity testing framework at the Commonwealth level, including the potential role of ACLEI.

ACLEI made a submission to the Inquiry on 8 August 2011. The Integrity Commissioner and senior ACLEI staff gave evidence before the Committee at a public hearing on 19 August 2011, and at an *in-camera* hearing on 13 October 2011.

ACLEI submitted that the emergence of targeting of government officials by organised crime groups, evident in some jurisdictions, means that integrity testing now warrants close consideration by agencies that may be vulnerable to such attacks. The submission and later evidence described how integrity testing could be used to overcome the problem of uncovering evidence of corrupt conduct in law enforcement agencies—whereby the subjects of investigations are themselves familiar with detection and investigation techniques and know how to avoid discovery by conventional investigative methods.

The Committee tabled its report into the Inquiry in Parliament on 21 November 2011. The Committee concluded that the introduction of integrity testing in Commonwealth law enforcement agencies would further strengthen the integrity system already in place and made eight recommendations for the establishment of such a regime.

The Minister for Home Affairs and Minister for Justice, the Hon. Jason Clare MP, announced on 30 March 2012 that the Government would introduce legislation to enable targeted integrity tests of ACC, Customs and Border Protection and AFP officers suspected of corrupt conduct.

Subsequently, ACLEI worked with the Attorney-General's Department to provide advice to Government about a legislative framework for integrity testing. (The Law Enforcement Integrity Legislation Amendment Bill 2012 was introduced in the Parliament on 19 September 2012.)

Further information about the Inquiry, including the terms of reference and report, can be found on the Committee's website at [www.aph.gov.au](http://www.aph.gov.au).



## **Inquiry into integrity of overseas Commonwealth law enforcement operations**

On 6 December 2011, the Parliamentary Joint Committee on ACLEI commenced an *Inquiry into integrity of overseas Commonwealth law enforcement operations* to examine the management of corruption risks arising from the international operations of Commonwealth law enforcement agencies.

An increasing reliance on intelligence-led risk management and interdiction at the Australian border depends on information collected offshore, including from agencies of foreign governments. Accordingly, the Committee is examining integrity arrangements that apply to Australian government officers who are posted overseas in law enforcement contexts.

The nature of some overseas postings or visits necessarily brings Australian law enforcement officials into contact with high levels of corruption risk—in particular, in drug law enforcement—with high levels of discretion and lower levels of supervision that would be the case in onshore operations. These factors introduce vulnerabilities that require management and high risk-awareness. Further, there may be concomitant risks even for officials travelling in a private capacity to high corruption-risk countries.

The terms of reference and other information about the Inquiry can be found on the Committee's website at [www.apf.gov.au](http://www.apf.gov.au).

ACLEI made a submission to the Inquiry on 29 February 2012. The Integrity Commissioner and ACLEI staff provided evidence to the Committee at a public hearing on 16 March 2012, and at an *in-camera* hearing on 10 May 2012.

In the context of overseas law enforcement operations, ACLEI's submission discussed the strategic corruption risks to law enforcement outcomes and how ACLEI presently engages with these risks. In view of the high profits presently available to criminal groups, the higher-order law enforcement integrity question is how corrupt approaches to staff stationed or otherwise working overseas could be later used to facilitate the flow into Australia of drugs or other illicit or border-controlled substances.

## **Inquiry into the Crimes Legislation Amendment Bill (No. 2) 2011**

In July 2011, ACLEI made a submission to the Senate Standing Committee on Legal and Constitutional Affairs Inquiry into the Crimes Legislation Amendment Bill (No. 2) 2011. The Integrity Commissioner also appeared before the Committee at a hearing on 4 August 2011.

ACLEI's submission supported the proposed amendments to the LEIC Act, which related to the addition of Customs and Border Protection to the Integrity Commissioner's jurisdiction on a whole-of-agency basis. ACLEI commented:

*...Staff who work in areas that support or interact with the law enforcement functions of Customs and Border Protection may, at various times, have access to information with value to organised crime, for example about scheduled cargo inspections, law enforcement methods or taskforce activities.*

*The amendments would allow the Integrity Commissioner to address corruption risk to law enforcement functions and outcomes by removing any doubt that the Integrity Commissioner could investigate corrupt conduct in any part of Customs and Border Protection, should it become necessary. (ACLEI submission, 8 July 2011, page 6.)*

ACLEI's submission also noted the importance of ensuring that it would be lawful for Customs and Border Protection staff or former staff members to provide information direct to the Integrity Commissioner, despite other enactments to the contrary. The measure facilitates the provision to ACLEI of any information relating to a corruption issue.

In its report—tabled on 23 August 2011—the Committee cited ACLEI’s submission with approval, and concluded that the amendments would strengthen integrity measures in law enforcement. The *Crimes Legislation Amendment Act (No. 2) 2011* received Royal Assent on 5 December 2011 and commenced the following day.

ACLEI’s submission can be found on the ACLEI website at [www.aclei.gov.au](http://www.aclei.gov.au), under *Reports, submissions and speeches*. More information about the Inquiry or the Bill can be found on the website of the Senate Standing Committee on Legal and Constitutional Affairs at [www.aph.gov.au](http://www.aph.gov.au).

### **Inquiry into the Crimes Legislation Amendment (Powers and Offences) Bill 2011**

The Crimes Legislation Amendment (Powers and Offences) Bill 2011 was referred for inquiry on 24 November 2011 to the House Standing Committee on Social Policy and Legal Affairs. It proposed a number of amendments to improve the operation of the LEIC Act.

ACLEI’s submission—made on 13 January 2012—discussed the value and use of coercive powers in corruption investigations and observed that the proposals would enhance the efficiency of ACLEI’s investigations and strengthen its ability to investigate corrupt conduct. The key proposals were:

- > (arising from a recommendation by the Parliamentary Joint Committee on ACLEI) the extension of the maximum sum of appointments of an Integrity Commissioner from five years to seven years;
- > the creation of a new power for the Integrity Commissioner to refer immediately a person who is ‘in contempt of ACLEI’ to the Federal Court of Australia or a Supreme Court of a State or Territory, to be dealt with as if the person were in contempt of that court. This new measure mirrors arrangements already in place at the ACC and will speed up the management of any non-compliance with the Integrity Commissioner’s coercive powers in relation to information-gathering hearings; and
- > the establishment of a new non-disclosure regime in relation to notices to produce, to be consistent with the existing regime for summonses and information-gathering hearings. This change gives effect to a suggestion made by the Parliamentary Joint Committee on ACLEI in its *Report into the Examination of the Annual Report of the Integrity Commissioner 2008–2009*, tabled in May 2010.

A number of other amendments to the LEIC Act are summarised in Appendix 3—*Changes to ACLEI’s operating environment*.

The Committee tabled its report on 28 February 2012. The Committee considered that these measures had achieved an appropriate balance between the provision of safeguards to ensure privacy and individual rights, and the needs of law enforcement agencies—acting in the public interest—for tools to carry out their functions effectively and efficiently. The *Crimes Legislation Amendment (Powers and Offences) Act 2012* received Royal Assent on 4 April 2012.

More information about the Inquiry or the Bill can be found on the website of the House Standing Committee on Social Policy and Legal Affairs at [www.aph.gov.au](http://www.aph.gov.au). ACLEI’s submission to the Inquiry can be found on the ACLEI website at [www.aclei.gov.au](http://www.aclei.gov.au), under *Reports, submissions and speeches*.

## Privilege in relation to tax advice

In August 2011, ACLEI made a submission in response to a Treasury discussion paper—*Privilege in relation to tax advice*. The consultation arose in response to a recommendation by the Australian Law Reform Commission in its report *Privilege in Perspective: Client Legal Privilege in Federal Investigations*.

ACLEI's submission related to whether any 'tax advice' exemption should apply to coercive information-gathering powers for law enforcement purposes. In its submission, dated 5 August 2011, ACLEI reflected on the impact of such a privilege on agencies that combat organised crime. ACLEI also commented that the ability to obtain information about possible corrupt conduct—including the concealment of assets—is central to ACLEI's effectiveness, and is one of the ways in which Australia complies with its obligations under the *United Nations Convention against Corruption*.

At the close of the reporting period, the issues raised during the consultation were still under consideration by the Treasury.

## MAKING STRATEGIC LINKAGES

Cooperative arrangements with government agencies at Commonwealth, State and Territory levels are important if ACLEI is to combat corruption effectively in Australian Government law enforcement agencies. Accordingly, ACLEI devotes time and effort to establishing and maintaining productive relationships with key partners in Australia's integrity system.

### Australian Anti-Corruption Commissions Forum

A significant development in 2011–12 was the establishment of the *Australian Anti-Corruption Commissions Forum*, presently chaired by the Integrity Commissioner. The inaugural Forum includes the heads of:

- > the Australian Commission for Law Enforcement Integrity (Commonwealth);
- > the Corruption and Crime Commission (Western Australia);
- > the Crime and Misconduct Commission (Queensland);
- > the Independent Commission Against Corruption (New South Wales);
- > the Office of Police Integrity (Victoria);
- > the Police Integrity Commission (New South Wales); and
- > the Integrity Commission of Tasmania.

The Forum provides a means for these agencies to network; exchange information, knowledge and ideas; share training and resources; and promote common areas of interest. It is intended that the Forum would improve the effectiveness of individual organisations, identify strategic challenges, and work cooperatively to identify ways to deal with these challenges.

The Forum met for the first time in Fremantle, Western Australia, on 15 November 2011. The Integrity Commissioner acknowledges the contribution of the Corruption and Crime Commission—in particular, the efforts of the Commission's Executive Director, Mr Mike Silverstone—in establishing the Forum.

An *Executive Coordination Group*, comprised of senior executives from each organisation, meets under the umbrella of the Forum to support its work and develop approaches to resolving common issues and progress any projects. It is also envisaged that consultative groups will be formed, to focus on particular disciplines or areas of thematic interest, such as corruption prevention, legal practice, investigations, communications or police issues.

The establishment of the *Australian Anti-Corruption Commissions Forum* gives practical effect to a recommendation made by the Parliamentary Joint Committee on ACLEI on 23 February 2009 in the report of the Committee's Inquiry into law enforcement integrity models.

### Australian Public Sector Anti-Corruption Conference

The Australian Public Sector Anti-Corruption Conference (APSACC) is held every second year, and attracts an international and national audience of practitioners, policy makers, legislators and academics to learn about, and contribute to, the strengthening of anti-corruption measures.

The conference is presented jointly by the Corruption and Crime Commission (Western Australia), the Crime and Misconduct Commission (Queensland) and the Independent Commission Against Corruption (New South Wales). In November 2011, APSACC was hosted by the Corruption and Crime Commission in Fremantle, Western Australia. ACLEI, the Police Integrity Commission (New South Wales) and the Integrity Commission of Tasmania were sponsoring agencies for the 2011 conference.

The Integrity Commissioner participated—with the Chief Commissioner of the Tasmanian Integrity Commission, the Hon. Murray Kellam AO and the (then) Acting Commissioner of the Police Integrity Commission, the Hon. Jerrold Cripps QC—in a panel on the subject of *anti-corruption agency models*.

The Integrity Commissioner's presentation—entitled *A “3D” view of anti-corruption agencies*—challenged the convention that a specialised, stand-alone, anti-corruption agency is always the best solution in every situation. The Integrity Commissioner offered the view that anti-corruption measures need to be oriented strategically to address specific threats, noting that these threats may change in scope and scale over time. He described how the three ‘D’s’ of anti-corruption—*Detection*, *Disruption* and *Deterrence*—may be used as part of a cooperative approach to improve resistance to corruption in a systematic and comprehensive way, and to guide the measurement of performance.

Participating in APSACC enables ACLEI to contribute to the national network of anti-corruption agencies and raise awareness of the Integrity Commissioner's role.

### State integrity agencies

The links between ACLEI and the State integrity agencies were also maintained and strengthened in a variety of other ways in 2011–12. For instance, during the year, the Integrity Commissioner and other ACLEI staff met with the heads and operations staff of these agencies to exchange information about corruption risks and emerging patterns and trends.

The Integrity Commissioner again used the purpose-built hearing room facilities of some State integrity agencies for ACLEI hearings conducted outside Canberra. The Integrity Commissioner thanks these agencies for the assistance they provide to ACLEI.

ACLEI also participated in a number of multi-jurisdictional integrity agency professional networks that meet to discuss common issues and emerging trends, exchange ideas and information, collaborate on projects and to consider developments affecting each relevant discipline. These networks are convened around topics such as communications, research into corruption and misconduct, and the use of covert methods and powers in investigations into corrupt conduct. These meetings are an important way for integrity agencies in different jurisdictions to benefit from each other's experience.

### Commonwealth Ombudsman

The Commonwealth Ombudsman has particular responsibilities under Part V of the *Australian Federal Police Act 1979* concerning the AFP's framework for handling civility and misconduct complaints. Accordingly, ACLEI is mindful of the Ombudsman's responsibilities and functions during the assessment and investigation of corruption issues. During the reporting period, ACLEI's Executive Director and the Senior Assistant Ombudsman with responsibility for law enforcement met regularly to discuss such matters, and the Integrity Commissioner also met with the Acting Commonwealth Ombudsman on several occasions.

### Other government agencies

ACLEI engages at several levels with other Commonwealth, State and Territory Government agencies—for example to support ACLEI investigations, to disseminate information or intelligence, to share learning about the treatment of corrupt conduct or to provide ACLEI's perspective to whole-of-government activities and initiatives. These agencies include, among others, the Attorney-General's Department, AusAID, AUSTRAC, CrimTrac, the Australian Public Service Commission, the Australian Taxation Office, the Department of Immigration and Citizenship, and police forces in several Australian States and Territories.

Since the AFP provides policing services to the ACT Government, the Integrity Commissioner also met during the year with the ACT Justice and Community Safety Directorate to discuss ACLEI's role and activities in relation to ACT Policing.

## FOSTERING THE ANTI-CORRUPTION COMMUNITY

ACLEI is a focus of interest for organisations and individuals with an interest in integrity in the public sector. Accordingly, 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 assist 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 the debate about how to counter corruption.

### Transparency International

Transparency International (Australia) makes a valued contribution to the discussion about anti-corruption arrangements in Australia and internationally. Accordingly the Integrity Commissioner keeps contact with executive members of the organisation to keep up to date with national and international events in combating corruption, and to discuss developments at ACLEI.

## Australian Federal Police Association

On behalf of its membership, the Australian Federal Police Association (AFPA) takes an interest in the integrity regime. The AFPA acknowledges the risk that corruption poses to the safety and reputation of its members and engages positively in policy discussions, including with ACLEI.

On a number of occasions during the reporting year, the Integrity Commissioner met with the President of the AFPA, Mr Jon Hunt-Sharman, and the Chief Executive Officer, Mr Jim Torr, to discuss the corruption detection and deterrence framework of the AFP. In October 2011, the *AFPA Bulletin* published a short article drawing the Integrity Commissioner's recent investigation reports to the attention of the AFPA membership and encouraging them to contact ACLEI if they had any concern about suspected corrupt conduct in the AFP.

## Corruption and anti-corruption course

The Australian National University and the New South Wales Independent Commission Against Corruption jointly offer annually a short course in *Corruption and Anti-corruption* as a component of several post-graduate degrees at the Crawford School of Public Policy. The course is aimed at officials in anti-corruption agencies, managers of agencies which may be at risk of corruption, and students of public policy.

The Integrity Commissioner addressed the *Corruption and Anti-corruption* course in September 2011 on the subject of *Establishing and leading an anti-corruption agency*. In his presentation, the Integrity Commissioner reflected on his experience as the inaugural Integrity Commissioner and described the unique features of the LEIC Act model for countering corruption, including the integrity partnership approach and the principle of 'matching measures to risks'. An ACLEI staff member also spoke on the topic of *Anti-corruption theory and practice* and participated in an expert panel on the international dimension of corruption.

## Inter-agency Integrity Investigators Program

In February 2012, for the third time, the Integrity Commissioner was invited as an expert speaker to the *Inter-agency Integrity Investigators Program* (IIIP), which is presented annually by the AFP. The IIIP is attended by integrity investigators who are selected from Commonwealth and State law enforcement and anti-corruption agencies, and from a range of other countries. Two ACLEI staff members also attended the IIIP as participants in 2012.

## ENGAGING INTERNATIONALLY

Corrupt networks often transcend national boundaries. As a result, it is recognised that the eradication of corruption cannot be achieved by countries in isolation, and requires cooperative law enforcement efforts and collaboration in the development of common integrity frameworks. Accordingly, the Integrity Commissioner intends that ACLEI both contribute to, and learn from, the international experience in corruption control.

ACLEI also seeks to maintain links with key agencies involved in the international movement against corruption. This engagement is intended to keep ACLEI informed about developments in the international picture, including about emerging risks.

Australia has a commitment to working with other governments to support efforts against corruption. ACLEI contributes to many of Australia's existing international anti-corruption efforts in partnership with the Attorney-General's Department, AusAID, the AFP and the Department of Foreign Affairs and Trade.

The Integrity Commissioner records his appreciation of the assistance provided by these agencies in keeping ACLEI informed of international developments in integrity arrangements, and for supporting ACLEI's contact with integrity agencies in other countries.

### International Treaties

Policy relating to international treaties concerning transnational crime and corruption is coordinated by the Attorney-General's Department. The Department convenes a periodic meeting—comprised of Australian Government agencies with anti-corruption, fraud control or integrity roles—to develop domestic corruption policy in order to meet Australia's international obligations, for example under the *United Nations Convention against Corruption* (UNCAC), which Australia ratified in December 2005. ACLEI contributes to these discussions its operational experience and observations about corruption risk and possible implications for control arrangements.

### United Nations Convention against Corruption

The Integrity Commissioner and ACLEI have specialist roles in Australia's national framework. For this reason—and to contribute to consultations about Australia's obligations—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*. In October 2011, two ACLEI staff members attended the fourth Conference of States Parties in Marrakesh, Morocco, with officials from the Attorney-General's Department, the Department of Foreign Affairs and Trade, and AusAID.

States Parties are required to undergo an external review of their implementation of key chapters of UNCAC every five years. Australia's compliance with Chapters III and IV of UNCAC—respectively *Criminalisation and Law Enforcement* and *International Cooperation*—was reviewed during 2011–12. ACLEI contributed to the self-assessment report compiled in November 2011 by the Attorney-General's Department. In March 2012, a review team of officials from the United States of America and the Republic of Turkey—supported by officers from the United Nations Office on Drugs and Crime (UNODC), which performs the functions of the UNCAC secretariat—travelled to Australia to conduct discussions to inform their assessment. The Integrity Commissioner and senior ACLEI staff briefed the review team about how ACLEI assists Australia to target those forms of corrupt conduct that, if left unchecked, would cause the greatest harm.

The executive summary of the review team's findings was tabled at the UNCAC Implementation Review Group meeting on 18 June 2012. The findings reflected positively on Australia's anti-corruption arrangements. In relation to ACLEI, the review team noted:

*Australia has in place an effective system for coordination and sharing of intelligence among anti-corruption institutions. The recently established Commission for Law Enforcement Integrity, which is a leading anti-corruption institution, demonstrated a significant proactive approach to anti-corruption.*

More information about the UNCAC review, including a copy of the executive summary, can be found on the Attorney-General's Department's website at [www.ag.gov.au/anticorruptionplan](http://www.ag.gov.au/anticorruptionplan).

## International Anti-Corruption Academy

The International Anti-Corruption Academy (IACA) was established in March 2011 as a joint initiative of UNODC, the Republic of Austria, the European Anti-Fraud Office and a number of other stakeholders. It aims to function as an independent centre of excellence in the field of anti-corruption education, training, networking and cooperation, and academic research. IACA organises the International Anti-Corruption Summer Academy for two weeks each year (ACLEI reported last year that ACLEI's Director Strategic Support attended IACA as a summer scholar in June and July 2011).

Australia ratified the *Agreement for the Establishment of the International Anti-Corruption Academy as an International Organization* on 18 June 2012. In November 2012, the Integrity Commissioner expects to attend the IACA Assembly of Parties on behalf of the Australian Government.

The Integrity Commissioner intends that ACLEI's engagement with IACA will provide access to contacts and current research, and help to strengthen ACLEI's corruption prevention capacity.

## Links with integrity agencies in other countries

Anti-corruption agencies around the world face similar challenges in detecting and investigating corrupt conduct, and translating these outcomes into lasting improvements to integrity systems. Accordingly, when possible, agencies develop peer-to-peer relationships to discuss and find solutions for common operational dilemmas. 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 strategy of international engagement is to focus ACLEI's efforts on Australia's region and, in particular, on four countries where the AFP has a significant link or presence—Indonesia, East Timor, Papua New Guinea and the Solomon Islands. ACLEI's specific activities during the reporting period in relation to these countries are described here.

## Corruption Eradication Commission of the Republic of Indonesia

As close neighbours, Indonesia and Australia cooperate in law enforcement, security issues and border protection. The Integrity Commissioner, together 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 Corruption Eradication Commission of the Republic of Indonesia (Komisi Pemberantasan Korupsi, or KPK). Reciprocal arrangements such as this one contribute to the international effort against serious and organised crime.

Under the Memorandum of Understanding, ACLEI supports the KPK's endeavours to strengthen corruption prevention and deterrence outcomes. In early May 2012, ACLEI hosted a delegation of four KPK planners—including the Secretary-General of the KPK, Mr Bambang Supto Pratomosunu—who are developing the next stage of the KPK's 20-year strategic *Road map for the eradication of corruption in Indonesia*. ACLEI and the KPK engaged in an intensive four-day program of dialogue and discussion.



ACLEI also organised meetings for the delegates with the Attorney-General's Department, AusAID and the AFP. In addition, the Integrity Commissioner arranged for the delegates to meet and attend presentations by the Professor of Public Policy and Director of the Research School of Social Sciences at the Australian National University, Dr Adam Graycar, and the Queensland Integrity Commissioner, Dr David Solomon AM.

In January 2011, AusAID invited the signatories to the Memorandum of Understanding to participate in the Australia–Indonesia Partnership for Justice (AIPJ). ACLEI's involvement will capitalise on the peer-to-peer linkages that are already established with the KPK. It is envisaged that the AIPJ will further assist Indonesia's program to strengthen integrity systems, and create closer relationships in regional approaches to combating corruption. ACLEI's Executive Director and Director Strategic Support travelled to Indonesia in September 2011 to participate in a meeting with AusAID and the KPK to determine the scope and role of ACLEI's contribution to the AIPJ.

As a result of that meeting, ACLEI and KPK have agreed to participate in a two-day practitioners' roundtable—to be held in 2012–13—on corruption investigation and intervention techniques, to be funded by AusAID under the AIPJ program. The roundtable is intended to enhance the ability of KPK to put into operational effect the training it has received from a number of sources—including ACLEI—in relation to corruption intervention, information gathering and corruption prevention systems development, and to identify areas requiring further skills development and knowledge.

When officers of the KPK come to Australia for other purposes, the Integrity Commissioner also takes these opportunities to promote officer-to-officer relationships between the two agencies. In August 2011, the Integrity Commissioner hosted a visit to ACLEI by four officers of the KPK—seconded from the Indonesian National Police—who were studying at the Centre for Transnational Crime Prevention at the University of Wollongong. The visit was organised by the Indonesian Embassy in Canberra to provide the officers with an insight into ACLEI's work. In September 2011, the Integrity Commissioner invited two KPK officers, studying *Corruption and Anti-corruption* at the Crawford School of Public Policy (Australian National University) in Canberra to ACLEI to receive a similar briefing, and to consolidate the networks between the KPK and ACLEI.

### East Timor Anti-Corruption Commission

Australia has provided police assistance to East Timor since September 1999, both bilaterally and multilaterally, including support to United Nations (UN) sponsored missions. The AFP contributes to capacity development, training and mentoring in East Timor under the *Timor Leste Police Development Program* and the *United Nations Integrated Mission in Timor Leste*.

The Integrity Commissioner has developed a relationship with Mr Adérito de Jesus Soares, the Commissioner of the East Timor Anti-Corruption Commission, which was established in 2010. The Integrity Commissioner keeps in contact with Mr Soares and intends to offer assistance and support to the East Timor Anti-Corruption Commission as opportunities allow, for example by providing training opportunities when they become available. Two ACLEI staff are scheduled to visit the Commission later in 2012, in conjunction with a familiarisation visit relating to the AFP's deployment in East Timor.

## Papua New Guinea

The AFP is also involved in capacity-building in Papua New Guinea. Accordingly, in February 2010, the Integrity Commissioner established a relationship with the Chief Ombudsman of the Ombudsman Commission of Papua New Guinea, Mr Chronox Manek. The Chief Ombudsman has a broad mandate to investigate corruption and misconduct in Papua New Guinea at all levels, including in politics, the judiciary and the public service. In past years, ACLEI has provided training to staff of the Ombudsman Commission. The Integrity Commissioner intends that this collaboration will continue as opportunities allow.

During 2011–12, ACLEI's Executive Director travelled to Papua New Guinea, Vanuatu and Samoa as a member of the *Lafia Pacific Program*, presented jointly by the Australian Public Service Commission and the Australian National University. The Program involves a course of lectures and site visits relating to the Australian Government's engagement in the Pacific region. ACLEI's participation in the program is an efficient way for ACLEI to gain further insight into integrity topics in neighbouring countries.

## Solomon Islands

Since 2007–08, ACLEI has been developing links with the Solomon Islands, where the AFP has a significant deployment to the Participating Police Force of the Regional Assistance Mission to the Solomon Islands (RAMSI). During 2011–12, a member of ACLEI's Emerging Issues Team travelled to the Solomon Islands. This visit, sponsored by the Department of Defence as part of ACLEI's support for Defence Reservists, helped to maintain ACLEI's knowledge concerning AFP operations in that country.

## Other countries

ACLEI often receives requests to provide briefings to international delegations with an interest in ACLEI or in Australia's broader anti-corruption framework. ACLEI collaborates with the Anti-Corruption Section of the Attorney-General's Department in relation to such requests. During 2011–12, the Integrity Commissioner or senior ACLEI staff members met with delegates from:

- > the Bangladesh Parliamentary Committee on the Ministry for Law, Justice and Parliamentary Affairs;
- > the Malaysian Anti-Corruption Commission and Anti-Corruption Academy;
- > the National Anti-Corruption Commission of Thailand;
- > the Police Integrity Commission of the Maldives; and
- > the Vietnamese Communist Party's Office of the Central Steering Committee for Anti-Corruption.

Whenever possible, the Integrity Commissioner also takes opportunities to learn from anti-corruption authorities in other countries. In early November 2011, during a private visit, the Integrity Commissioner—accompanied by representatives of the AFP and the Australian Consulate-General in Hong Kong—visited the Hong Kong Independent Commission Against Corruption to meet the Commissioner, Dr Timothy Tong, and senior staff of the Commission. They exchanged information about operating models, trends, and strategies to counter corrupt conduct, as well as oversight and governance arrangements.

## CHAPTER 5 | ASSESSMENTS AND INVESTIGATIONS

This chapter sets out information about the corruption issues which ACLEI dealt with during 2011–12.

### NOTES ON RECORDING PRACTICES

#### Duplicate sources of information

In the 2011–12 reporting year, there was a development whereby, in eight instances, the same or substantially similar information relating to an agency in ACLEI's jurisdiction was provided to the Integrity Commissioner from different sources. This situation arose when ACLEI was informed about a corruption issue from the agency concerned (a *notification*) and from another government agency (a *referral*). This new 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.

Accordingly, the tables in this chapter have been adjusted to avoid the risk of over-statement. This outcome has been achieved by removing 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.

As noted in the 2010–11 annual report, ACLEI has discontinued the practice of comprehensive reporting of information received that is out of jurisdiction. The revised reporting practice is aimed at simplifying ACLEI's administrative processes and ensuring greater compatibility of key statistical data from year to year. Accordingly, trend data has been corrected in this year's report to remove out-of-jurisdiction information from statistics applying to earlier years.

Approaches received by ACLEI that are out of jurisdiction are still evaluated and recorded. There were 67 such contacts recorded during 2011–12.

## 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 any duplicate information provided to ACLEI from more than one source.

This year’s new work of 106 corruption issues is an increase on the 90 issues received in 2010–11, and the 70 corruption issues received in 2009–10. The successive rises are largely explained by the inclusion of Customs and Border Protection in the Integrity Commissioner’s jurisdiction that occurred on 1 January 2011.

**TABLE ELEVEN: Sources of information about corruption issues in 2011–12**

		ACC	ACBPS*	AFP	TOTAL
NOTIFICATIONS	Notification by law enforcement agency heads [s 19(1)]	8 (5)	29 (20)	36 (21)	73(46)
REFERRALS	Minister [s 18]	0 (0)	0 (0)	0 (0)	0 (0)
	Other people or government agencies [s 23]	1 (9)	14 (3)	23 (32)	38 (44)
OWN INITIATIVE	ACLEI intelligence / ‘own initiative’ identifications [s 38(1)]	0 (0)	0 (0)	3 (0)	3 (0)
<b>Subtotal</b>		9 (14)	43(23)	62 (53)	<b>114 (90)</b>
<b>Less ‘duplicates’ (information provided by more than one source)</b>		0 (0)	8 (0)	0 (0)	8 (0)
<b>Total</b>		9 (14)	35 (23)	62 (53)	<b>106 (90)</b>

Numbers in (brackets) are for the 2010–11 reporting year, which included the six-month period—since 1 January 2011—following the addition of Customs and Border Protection to the Integrity Commissioner’s jurisdiction.

### Notifications

Under the LEIC Act, the AFP Commissioner and the Chief Executive Officers of the ACC and Customs and Border Protection 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 2011–12, ACLEI received 66 such notifications. The CEO of Customs and Border Protection notified a further seven issues, about which ACLEI had already received referrals from other agencies. Table Twelve shows the trend of the data since ACLEI's commencement, and illustrates the difficulty in predicting the number of notifications from one year to another.

**TABLE TWELVE: Trends in sources of information about corruption issues—mandatory notifications**

	2006–07*	2007–08	2008–09	2009–10	2010–11	2011–12	TOTAL
ACC Chief Executive Officer	7	2	9	11	5	8	42
ACBPS Chief Executive Officer	N/A	N/A	N/A	N/A	20**	22	42
AFP Commissioner	5	17	21	29	21	36	129
Total	12	19	30	40	46	66	213

\*For the six-month period between ACLEI's commencement on 30 December 2006 and 30 June 2007.

\*\*For the six-month period—since 1 January 2011—following the addition of Customs and Border Protection to the Integrity Commissioner's jurisdiction.

## Referrals

The Minister for Home Affairs and Justice 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.

As Table Thirteen shows, 37 referrals were received from these sources in the reporting year (down from 44 in 2010–11). There was again an increase in referrals from other government agencies—from two instances in 2009–10, to ten in 2010–11, to 18 in 2011–12. This increase reflects the developing awareness in law enforcement agencies relating to higher corruption-risk operating environments—for instance, in border law enforcement—and a system-wide approach to law enforcement integrity.

As an additional measure to protect informants and human sources from discovery, ACLEI no longer publishes detailed data for all referral categories.

**TABLE THIRTEEN: Sources of referral in 2011–12**

	ACC	ACBPS	AFP	TOTAL
Other government agencies (Commonwealth, State and Territory, including integrity agencies and police forces)	1 (2)	10 (1)	7 (7)	18 (10)
Any other person	0 (7)	3 (2)	16 (25)	19 (34)
<b>Subtotal</b>	<b>1 (9)</b>	<b>13 (3)</b>	<b>23 (32)</b>	<b>37 (44)</b>
Minister	0 (0)	0 (0)	0 (0)	0 (0)
<b>Total</b>	<b>1 (9)</b>	<b>13 (3)</b>	<b>23 (32)</b>	<b>37 (44)</b>

Numbers in (brackets) are for the 2010–11 reporting year, which included the six-month period—since 1 January 2011—following the addition of Customs and Border Protection to the Integrity Commissioner's jurisdiction.

## Total workload

In addition to the 103 notifications and referrals made to the Integrity Commissioner, ACLEI's workload during 2011–12 included three 'own initiative' investigations (which were commenced in the reporting year) and 79 other corruption issues carried forward from previous years. Accordingly, as shown in Table Fourteen, ACLEI dealt with a total of 185 corruption issues during the reporting year.

**TABLE FOURTEEN: ACLEI's assessment and investigation workload for 2011–12**

	ACC	ACBPS	AFP	FORMER NCA	SUB TOTAL	TOTAL
Notifications and referrals carried over from 2006–07	0 (1)	N/A	0 (0)	0 (0)	0 (1)	79 (87)
Notifications and referrals carried over from 2007–08	0 (2)	N/A	3 (12)	0 (0)	3 (14)	
Notifications and referrals carried over from 2008–09	2 (4)	N/A	10 (16)	0 (0)	12 (20)	
Notifications and referrals and 'own initiative' investigation carried over from 2009–10	2 (11)	N/A	20 (41)	0 (0)	22 (52)	
Notifications and referrals carried over from 2010–11	3 (–)	17 (–)	22 (–)	0 (–)	42 (–)	
New notifications and referrals	9 (14)	35 (23)	59 (53)	0 (0)	103 (90)	
New 'own initiative' corruption issues	0 (0)	0 (0)	3 (0)	0 (0)	3 (0)	
<b>Total</b>	<b>16 (32)</b>	<b>52 (23)</b>	<b>117 (122)</b>	<b>0 (0)</b>	<b>185 (177)</b>	

Numbers in (brackets) are for the 2010–11 reporting year, which included the six-month period—since 1 January 2011—following the addition of Customs and Border Protection to the Integrity Commissioner's jurisdiction.

## HOW WORKLOAD WAS DEALT WITH

Table Fifteen summarises the way in which ACLEI dealt with each of the 185 issues that were active in 2011–12:

- > Sub-Table A shows all issues that, due to a decision of the Integrity Commissioner, resulted in some form of investigation;
- > Sub-Table B summarises the way issues were concluded;
- > Sub-Table C shows the assessments in progress at 30 June 2012; and
- > Sub-Table D totals the number of corruption issues dealt with in 2011–12.

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

**TABLE FIFTEEN: Total workload—how notifications, referrals and ‘own initiative’ corruption issues were dealt with**

**SUB-TABLE 15A: Corruption issues under investigation during 2011–12**

		ACC	ACBPS*	AFP	FORMER NCA	SUB TOTAL	TOTAL
INVESTIGATED BY ACLEI	ACLEI investigation [s 26(1)(a)]	1 (6)	2 (0)	7 (11)	0 (0)	10 (17)	28 (35)
	ACLEI joint investigation [s 26(2)]	3 (3)	8 (6)	7 (9)	0 (0)	18 (18)	
	Public Inquiry at request of the Minister [s 71]	0 (0)	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)	0 (0)	4 (1)
	Agency investigation overseen by ACLEI [s 26(1)(b)(ii) or 26(1)(e)]	0 (0)	1 (0)	3 (1)	0 (0)	4 (1)	
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)]	1 (1)	25 (3)	40 (28)	0 (0)	66 (32)	97 (71)
	Referred to AFP for investigation (without supervision) [s 26(1)(c)(iii)]	1 (2)	0 (0)	N/A	0 (0)	1 (2)	
	ACLEI satisfied that agency notifying a ‘not significant’ issue should continue to investigate (without supervision) [s 22(1)]	1 (1)	5 (6)	24 (30)	0 (0)	30 (37)	
	State integrity agency to investigate conduct of a secondee [s 29(6)(b)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	
Total		7 (13)	41 (15)	81 (79)	0 (0)	129 (107)	

**SUB-TABLE 15B: Corruption issues concluded during 2011–12**

<b>B1: ACLEI INVESTIGATIONS FINALISED</b>	<b>ACC</b>	<b>ACBPS</b>	<b>AFP</b>	<b>FORMER NCA</b>	<b>TOTAL</b>
ACLEI investigation finalised [s 55 report to Minister]	0 (0)	0 (0)	2* (3)	0 (0)	2 (3)
ACLEI investigation discontinued [s 42 reconsideration]	1 (6)	1 (0)	3 (6)	0 (0)	5 (12)
<b>Subtotal (B1)</b>	<b>1 (6)</b>	<b>1 (0)</b>	<b>5 (9)</b>	<b>0 (0)</b>	<b>7 (15)</b>
<b>B2: REVIEWS OR REFERRALS FINALISED</b>	<b>ACC</b>	<b>ACBPS</b>	<b>AFP</b>	<b>FORMER NCA</b>	<b>TOTAL</b>
External reports accepted by ACLEI [s 66]	1 (0)	2 (2)	22 (16)	0 (0)	25 (18)
Government agency investigations discontinued by Integrity Commissioner [s 42 reconsideration]	0 (1)	0 (0)	3 (4)	0 (0)	3 (5)
<b>Subtotal (B2)</b>	<b>1 (1)</b>	<b>2 (2)</b>	<b>25 (20)</b>	<b>0 (0)</b>	<b>28 (23)</b>
<b>B3: CONCLUDED FOLLOWING ASSESSMENT</b>	<b>ACC</b>	<b>ACBPS</b>	<b>AFP</b>	<b>FORMER NCA</b>	<b>TOTAL</b>
Did not raise a corruption issue within the meaning of the LEIC Act	0 (6)	2 (1)	8 (15)	0 (0)	10 (22)
Decided to take no further action (after assessment) [s 31(2)(b) or 32(2)]	4 (12)	4 (3)	6 (21)	0 (0)	14 (36)
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 (1)	0 (0)	0 (1)
<b>Subtotal (B3)</b>	<b>4 (18)</b>	<b>6 (4)</b>	<b>14 (37)</b>	<b>0 (0)</b>	<b>24 (59)</b>
<b>Total concluded issues (B1 + B2 + B3)</b>	<b>6 (25)</b>	<b>9 (6)</b>	<b>44 (66)</b>	<b>0 (0)</b>	<b>59 (97)</b>

**SUB-TABLE 15C: Assessments in progress at 30 June 2012**

	<b>ACC</b>	<b>ACBPS</b>	<b>AFP</b>	<b>FORMER NCA</b>	<b>TOTAL</b>
Issues under assessment at close of reporting year	5 (1)	5 (4)	22 (6)	0 (0)	<b>32 (11)</b>

**SUB-TABLE 15D: Total workload in 2011–12**

	<b>ACC</b>	<b>ACBPS</b>	<b>AFP</b>	<b>FORMER NCA</b>	<b>TOTAL</b>
(Sub-Tables A + B3 + C)	16 (32)	52 (23)	117 (122)	0 (0)	<b>185 (177)</b>

Numbers in (brackets) are for the 2010–11 reporting year, which included the six-month period—since 1 January 2011—following the addition of Customs and Border Protection to the Integrity Commissioner's jurisdiction.

\*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 one of the three agencies in the Integrity Commissioner's jurisdiction, or any Commonwealth, State or Territory Government agency.

As shown in Sub-Table Fifteen A, a total of 28 ACLEI investigations were active during the reporting period, down from 35 investigations in 2010–11. The Integrity Commissioner commenced investigations into nine corruption issues during 2011–12, compared with 16 in 2010–11 (a year which included the addition of Customs and Border Protection as a LEIC Act agency and, therefore, a one-off notification of corruption issues which were brought forward on the commencement of the jurisdiction). Five of the investigations initiated in 2011–12 are being conducted jointly with other agencies.

One investigation—which dealt with two closely-related corruption issues—was concluded during the year when the Integrity Commissioner gave a report to the Minister. The report—*An investigation into the actions of Australian Federal Police (Australian Capital Territory Policing) appointees concerning alleged “tip-offs” to a criminal, and related integrity matters*—is summarised in Chapter 6—*Reports to the Minister*.

As indicated in Sub-Table Fifteen B, a further five investigations were reconsidered and closed, taking account of the public interest and other 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 2012, there were 23 investigations in progress—either ACLEI or joint—including four which had reports in development or for which a brief of evidence for prosecution was being considered. A fifth report was the subject of procedural fairness consultations.

### Joint investigations

ACLEI's ability to undertake joint investigations is an important part of the LEIC Act framework. For example, this approach has been used when:

- > an investigation is linked to a broader criminal investigation;
- > 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.

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.

Of the nine investigations the Integrity Commissioner commenced during the year, five are being conducted jointly with other agencies. Thirteen other joint investigations from the previous year continued. Of the 18 joint investigations, 14 are continuing into 2012–13. Some of these investigations comprise *Taskforce Natio*, a multi-agency operation into corruption risk in border environments. *Taskforce Natio* includes among its partners all three agencies in ACLEI's jurisdiction.

### Nature of allegations

Table Sixteen sets out the nature of the corruption issues that led to the commencement of nine investigations in 2011–12. Reflecting ACLEI's prioritisation model—which includes examination of possible links to organised crime—the dominant corruption issue category is 'abuse of office'.

Further information is set out in Appendix 2 (see the table relating to Regulation 20) about the 19 investigations from previous reporting years that were also active during 2011–12.

**TABLE SIXTEEN: Investigations (including joint investigations) commenced by ACLEI in 2011–12, by nature of allegation**

	ACC	ACBPS	AFP	TOTAL
Abuse of office [s 6(1)(a)]	0 (2)	4 (6)	4 (4)	8 (12)
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)]	1 (0)	0 (0)	0 (4)	1 (4)
<b>Total</b>	<b>1 (2)</b>	<b>4 (6)</b>	<b>4 (8)</b>	<b>9 (16)</b>

Numbers in (brackets) are for the 2010–11 reporting year, which included the six-month period—since 1 January 2011—following the addition of Customs and Border Protection to the Integrity Commissioner's jurisdiction.

### Disseminations made during investigations

Disseminating information to law enforcement agencies allows ACLEI to contribute timely information and intelligence concerning possible corrupt conduct and other activities related to the 'core business' of the ACC, Customs and Border Protection and the AFP. This practice reflects ACLEI's 'two level' approach, which seeks to align ACLEI's investigation of corruption issues with the broader efforts of law enforcement agencies to counter serious and organised crime.

In addition, when warranted by the circumstances, ACLEI disseminates information to agencies about possible risks to their operations that may be disclosed by investigations conducted by the Integrity Commissioner. During the year, two staff members of law enforcement agencies were suspended from duty, in part as a consequence of disseminations arising from ACLEI investigations.

## 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. The Integrity Commissioner may arrange to manage or oversee an investigation of a corruption issue that is so referred, or may refer the issue for investigation without supervision.

For instance, under these options, corruption issues can be referred to:

- > the ACC, Customs and Border Protection, or to the AFP for an internal investigation relating to the conduct of their own staff or appointees;
- > the AFP (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.

In 2011–12, one person was suspended from duty as a result of an internal investigation into a corruption issue which had been notified to the Integrity Commissioner under the LEIC Act.

### Management of the external workload

There were 101 corruption issues in the reporting year that were in various stages of investigation or reporting by external government agencies. This number represents just over half of the 185 corruption issues dealt with during 2011–12.

As Table Seventeen shows, 73 investigations external to ACLEI will carry forward into 2012–13 (a significant increase from the 49 corruption issues that were carried forward into 2011–12). This body of work represents 67% of the total number of corruption issues that will be carried forward to 2012–13. ACLEI and the LEIC Act agencies will continue to work closely together to monitor the progress of each investigation to ensure that timeliness and efficiency are achieved.

### Section 66 reports

The Integrity Commissioner may comment on, or make recommendations about, any matter relating to or arising out of an investigation report prepared by a Commonwealth government agency under section 66 from the LEIC Act. This provision:

- > 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; and
- > 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.

Accordingly, this arrangement facilitates transparency of process and enables an independent view to be reached about each outcome. The measure also provides for an agency head to retain primary responsibility for the integrity of his or her agency, which is an important component of the unique ACLEI model.

During the year, the Integrity Commissioner reviewed 25 reports (compared with 18 in 2010–11 and six in 2009–10) and found no cause to provide additional comments to the investigating agencies.

A further three corruption issues—which the Integrity Commissioner had referred to the AFP for internal investigation—were reconsidered and discontinued, following receipt of interim reports which indicated that no further investigation was warranted.

**TABLE SEVENTEEN: Corruption issues dealt with as internal investigations or as other government agency investigations during 2011–12**

	INVESTIGATION IN PROGRESS			INVESTIGATION DISCONTINUED			REPORT RECEIVED AND REVIEWED			
	ACC	ACBPS	AFP	ACC	ACBPS	AFP	ACC	ACBPS	AFP	TOTAL
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 (0)	1 (1)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (0)	4 (1)
Unsupervised agency investigations										
ACLEI satisfied that agency notifying a ‘significant’ issue should investigate (without supervision) [s 26(1)(b)(iii)]	1 (1)	24 (2)	29 (20)	0 (0)	0 (0)	3 (4)	0 (0)	1 (1)	8 (4)	66 (32)
Referred to AFP for investigation (without supervision) [s 26(1)(c)(iii)]	0 (1)	0 (0)	N/A	0 (1)	0 (0)	N/A	1 (0)	0 (0)	N/A	1 (2)
ACLEI satisfied that agency notifying a ‘not significant’ issue should continue to investigate (without supervision) [s 22(1)]	1 (1)	4 (5)	12 (18)	0 (0)	0 (0)	0 (0)	0 (0)	1 (1)	12 (12)	30 (37)
Another integrity agency, police force or relevant government agency to investigate conduct of a secondee (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	2 (3)	29 (7)	42* (39)	0 (1)	0 (0)	3 (4)	1 (0)	2 (2)	22 (16)	101 (72)
Total	73 (49)			3 (5)			25 (18)			

Numbers in (brackets) are for the 2010–11 reporting year, which included the six-month period—since 1 January 2011—following the addition of Customs and Border Protection to the Integrity Commissioner’s jurisdiction.

\*Of these investigations, 11 reports were received before the close of 2011–12, but had not yet been reviewed by ACLEI.

## CONCLUDED ISSUES

A corruption issue is concluded when the Integrity Commissioner:

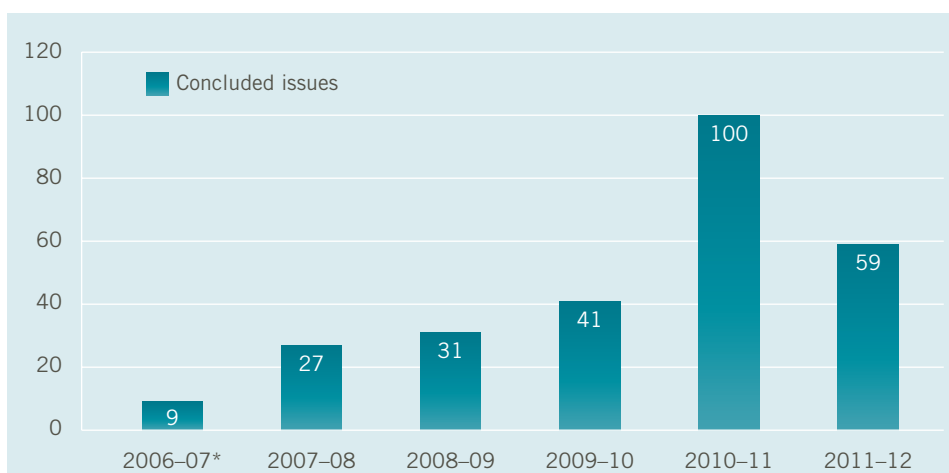
- > completes an investigation and gives a report to the Minister;
- > refers a corruption issue to another government agency for investigation under ACLEI management or oversight, which is subsequently completed;
- > receives a satisfactory final report, relating to a corruption issue investigated by another government agency, without ACLEI's management or oversight;
- > refers a corruption issue about a secondee 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 Fifteen B, summarises the manner in which issues were concluded during the reporting year, and Figure Two shows the trend since ACLEI's commencement. Fifty-nine corruption issues were concluded in these ways in 2011–12, compared with 100 in the previous year.

This change in outcome is the result of several factors, including:

- > increased volume of corruption issues notified or referred to ACLEI in 2011–12;
- > variation in the disposition of corruption issues—such as credibility factors—which was reflected in how corruption issues were dealt with (for instance, 37 corruption issues were dealt with under section 26(1)(b)(iii) of the LEIC Act as internal investigations by government agencies, compared with 18 in 2010–11);
- > normal fluctuation in the timing of when corruption issues were notified or referred to ACLEI, which influences the assessment task; and
- > delays experienced in finalising some assessments and investigations during a period of high operational tempo.

**FIGURE TWO: Concluded issues—trend data**



\*For the six-month period after ACLEI's commencement on 30 December 2006.

## Issues not investigated

Of the 185 corruption issues dealt with in 2011–12, ten of them were concluded because assessment determined that they did not raise a corruption issue within the meaning of the LEIC Act. 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 14 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.

## 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 (up from 11 issues in 2010–11), as shown in Sub-Table Fifteen C. Decisions about how these issues will be dealt with will be made during 2012–13.

## ISSUES CARRIED FORWARD TO 2012–13

At the close of the reporting year, 126 ongoing issues were carried forward to 2012–13 (up from 79 in the previous year). These issues were distributed as follows:

- > 21 investigations by ACLEI, including 14 investigations being conducted jointly with other government agencies;
- > 71 internal investigations being conducted by LEIC Act agencies, without supervision by ACLEI (ACC–1, Customs and Border Protection–28, AFP–42);
- > one Customs and Border Protection internal investigation, being overseen by ACLEI;
- > one AFP internal investigation, being overseen by ACLEI; and
- > 32 notifications and referrals under assessment.

Table Eighteen shows in which year each of these 126 issues was notified or referred to ACLEI, or when an 'own initiative' investigation was commenced, providing an indication of their age. At 30 June 2012, over 63% of corruption issues were less than one year old, and a further 25% were aged between one and two years.

While this outcome is comparable with the previous year's result, the larger number of corruption issues carried forward from the 2011–12 year poses a workload management risk and will be monitored carefully.

**TABLE EIGHTEEN: Age of corruption issues carried forward to 2012–13**

Year of origin	ACC	ACBPS	AFP	TOTAL
2007–08	0 (0)	N/A	0 (3)	0 (3)
2008–09	1 (2)	N/A	3 (10)	4 (12)
2009–10	1 (2)	N/A	9 (20)	10 (22)
2010–11	2 (3)	14 (17)	16 (22)	32 (42)
2011–12	6 (–)	29 (–)	45 (–)	80 (–)
<b>Total</b>	<b>10 (7)</b>	<b>43 (17)</b>	<b>73 (55)</b>	<b>126 (79)</b>

Numbers in (brackets) are for the 2010–11 reporting year, which included the six-month period—since 1 January 2011—following the addition of Customs and Border Protection to the Integrity Commissioner's jurisdiction.

## 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 and answer questions truthfully at a hearing. 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 a Supreme Court of a State or Territory for a person to be dealt with in relation to the contempt. This power, which has been available to the Integrity Commissioner since 5 April 2012, 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 2011–12 for a person to be dealt with in relation to contempt.

During 2011–12, the Integrity Commissioner exercised information-gathering powers in six investigations and held nine hearings. The Integrity Commissioner also issued 15 'notices to produce' information, documents or things, in relation to four investigations (including two investigations that also included hearings).

As may be seen in Table Nineteen, the number of summonses to witnesses to attend hearings in order to provide information, documents or things under section 83 of the LEIC Act has increased marginally, from 10 instances in 2010–11 to 13 in 2011–12. By contrast, the number of 'notices to produce information, documents or things' issued under sections 75 and 76 of the LEIC Act has decreased, from 19 to 15 instances.

**TABLE NINETEEN: Use of coercive information-gathering powers during 2011–12**

	TOTAL
Notice to give information or to produce documents or things [s 75]*	15 (22)
Summons to attend a hearing to give evidence and/or produce documents or things [s 83]	13** (10***)
<b>Total</b>	<b>28 (32)</b>

Numbers in (brackets) are for the 2010–11 reporting year.

\*Sections 75 and 76 of the LEIC Act were amended in April 2012 to establish a single system of notices to produce. Previously one system had applied to law enforcement officers and another to other persons. Data has been combined this year for comparative purposes.

\*\*Two summonses were revoked for various reasons, and two summonses were issued in 2011–12 for hearings that were to be conducted in 2012–13.

\*\*\*Three summonses were revoked for various reasons.

### Intrusive information-gathering powers

The Integrity Commissioner has certain intrusive and covert powers for the purpose of investigating possible corrupt conduct. As may be seen in Table Twenty, ACLEI used these information-gathering powers 17 times in 2011–12, as part of investigation strategies relating to three investigations.

The use of covert investigation methods is an important tool for investigating corruption offences in a law enforcement context. This reporting year, ACLEI's investigations warranted the use of telecommunications interception on nine occasions, and a surveillance devices warrant was also obtained for the first time. The decrease in the use of search warrants, is due to operational considerations relating to when an overt method may best fit an investigation plan.

As in previous years, some of these powers were exercised under warrants obtained by other agencies in the context of joint investigations with ACLEI, and are not reported here.

**TABLE TWENTY: Use of intrusive and covert information-gathering powers during 2011–12**

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

Numbers in (brackets) are for the 2010–11 reporting year



## LEGAL PROCEEDINGS

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

### Prosecutions

Section 142 of the LEIC Act requires the Integrity Commissioner to provide evidence of a possible contravention of a law to a relevant police force or prosecuting authority. In 2011–12, there were no prosecutions commenced resulting from investigations by the Integrity Commissioner.

### Confiscation proceedings

No matters were commenced under the *Proceeds of Crime Act 2002* (Cth) during 2011–12.

### 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 2011–12.

## CHAPTER 6 | REPORTS TO THE MINISTER

This chapter summarises the investigation reports submitted to the Minister during 2011–12, and records any agency responses to the Integrity Commissioner’s observations and recommendations.

### INVESTIGATION REPORTS

The Integrity Commissioner’s investigations may culminate in a report to the Minister. In most circumstances, a copy must also be provided to the head of the agency to which the investigation relates. If a corruption issue relates to the provision of policing services to the Australian Capital Territory (ACT), the *Law Enforcement Integrity Commissioner Regulations 2006* 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 a report to the Minister public, it is published on ACLEI’s website, [www.aclei.gov.au](http://www.aclei.gov.au), under *Reports, submissions and speeches*.

During 2011–12, the Integrity Commissioner provided one investigation report to the Minister. The report is summarised in this chapter.

#### **Report 01/2012 *An investigation into the actions of Australian Federal Police (Australian Capital Territory Policing) appointees concerning alleged “tip-offs” to a criminal, and related integrity matters***

This investigation concerns two related corruption issues. The information received suggested that ACT Policing officers—who are appointees of the AFP—had inappropriately provided information (tip-offs) to a known criminal.

The investigation did not reveal any evidence that law enforcement information had been provided to the criminal.

Several corruption risks that were identified by the investigation—relating to variation in record-keeping practices of police officer contact with ‘persons of interest’ generally, and in the context of prison visits specifically—were raised with ACT Policing. Satisfied that the Chief Police Officer of ACT Policing is aware of these corruption risks and is considering their implications, the Integrity Commissioner made no recommendations.

During the course of the investigation, the Integrity Commissioner identified an additional corruption issue, as provided for by section 38 of the LEIC Act. The Integrity Commissioner referred the issue for investigation to the AFP under sub-section 26(1)(c)(iii) of the LEIC Act.

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

As a measure to protect the identity of witnesses, the report into this investigation has not been made public.

### ACT Policing response

The Chief Police Officer of ACT Policing has since written to the Integrity Commissioner to inform him of specific measures taken to address the corruption risks identified in Report 01/2012. Processes to record visits to the ACT's adult prison, the Alexander Maconochie Centre, by ACT Policing members on official business have been put into practice and other accountability measures are under consideration.

As an additional assurance measure, the Chief Police Officer also reviewed existing AFP and ACT Policing record-keeping policies and guidelines to ensure they are appropriate and sufficient for addressing the general risks observed in the investigation. The review concluded that the current guidance was appropriate.

## PREVIOUS RECOMMENDATIONS

ACLEI takes an interest in how agencies respond to recommendations and suggestions made by the Integrity Commissioner.

### **Report 01/2011 *An investigation into the actions of an Australian Federal Police (Australian Capital Territory Policing) appointee concerning the handling of controlled substances, and other integrity issues***

In this report, the Integrity Commissioner drew attention to a number of corruption risk factors which were identified during the investigation. The Integrity Commissioner observed that, in response to those risk factors, the Chief Police Officer of ACT Policing had put in place a revised arrangement for the lodgement of confiscated drugs and had initiated a program to raise staff awareness of the need for stringent measures in relation to property management. The Integrity Commissioner's report was published on ACLEI's website, [www.aclei.gov.au](http://www.aclei.gov.au), under *Reports, submissions and speeches*.

In September 2011, the Chief Police Officer wrote to all ACT Policing staff members to draw their attention to the Integrity Commissioner's report and the improved procedures for the lodgement of confiscated drugs. The Chief Police Officer described the consequences for the person at the centre of the investigation (who had been dismissed because of his actions) and commended the courage of those officers who had come forward to report their concerns. He encouraged all ACT Policing staff members to read the Integrity Commissioner's report as a case study and learning opportunity.

Subsequently, in October 2011, the Integrity Commissioner attended a meeting of the ACT Policing Executive Steering Committee to raise their awareness about ACLEI's role and recent investigations concerning ACT Policing, and to discuss planning for the joint ACLEI-ACT Policing project to examine corruption risk in the community policing context.

## 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 2011–12.

## 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.

Previous years’ annual reports have highlighted patterns and trends in some enduring risks relating to law enforcement corruption, namely:

- > unauthorised information access and disclosure (‘tip-offs’, ‘green-lighting’ and ‘leaks’);
- > misplaced loyalties (to family, cliques, or former officers, rather than to professional standards);
- > desensitisation to law enforcement powers and the sensitivity of the law enforcement operating environment;
- > risk of subornation or corrupt compromise;
- > opportunistic or deliberate connections between criminals and corrupt officers (‘the corruption handshake’); and
- > contextual changes—such as fluctuations in the Australian dollar, drug use, or in the regulatory framework—which may affect the prevalence of bribe-offering, bribe-seeking and bribe-taking behaviours.

The Integrity Commissioner has noted previously the possibility that corruption risk at program or operational levels may sometimes be underestimated by organisations—due to the hidden nature of corrupt conduct, and a tendency to assess risk at an abstracted level. In addition, a risk assessment process that is not attuned to corruption methods and emerging threats may over-estimate the effectiveness of counter measures already in place. Accordingly, ACLEI has worked closely with the ACC (in its role producing the biennial *Organised Crime Threat Assessment*) and the Attorney-General’s Department (in its role as custodian of the *Commonwealth Fraud Control Guidelines*) to improve approaches to risk management.

In 2011–12, more than in any other year, a shared appreciation of corruption vulnerability and the threat picture underpinned agency strategies to detect, disrupt and deter law enforcement-related corrupt conduct. ACLEI and the LEIC Act agencies continue to remain alert to the various factors that may affect or inform these settings, on a sector-wide basis.

## RESPONDING TO THE CORRUPTION CHALLENGE

In the past three years, with the aim of establishing a common integrity platform, ACLEI has been developing an operating model that:

- > improves the intelligence picture about where corrupt conduct may be detected—for instance, by joining up sources of information, and being alert to relevant indicators of hidden corruption;
- > provides standing arrangements with other agencies that allow for the rapid deployment of investigation resources to a corruption issue, when warranted; and
- > draws on policy, research and practitioner expertise to strengthen systems against corruption risk.

This approach—which is characterised by the ‘integrity partnership’ between ACLEI and law enforcement agencies since the commencement of the LEIC Act—has helped to coordinate anti-corruption efforts with other law enforcement priorities. For instance, there is now a strong alignment between law enforcement strategies to combat organised crime, and ACLEI’s own efforts to target corrupt conduct as a facilitator of organised crime.

As noted in other chapters of this annual report, the success of this approach was evidenced in 2011–12 by:

- > a significant rise in the number of referrals to ACLEI of corruption issues identified by other government agencies;
- > ACLEI’s coordination of *Taskforce Natio*—with the AFP, Customs and Border Protection and other agencies—which is investigating the influence of corruption risk and organised crime in border environments; and
- > ACLEI’s contribution to awareness-raising about specific and emerging corruption risks, and advising about measures to counter related vulnerabilities.

## NEW APPROACHES TO RISK

One of the benefits of a common integrity platform is the opportunity to trial various approaches to identifying and managing risk, and to share lessons with each other. An emerging theme from ACLEI’s work with LEIC Act agencies is the need for complementary approaches to be taken to discovering, assessing and describing corruption risk. In short, corruption risk needs to be viewed from many perspectives.

Accordingly, and based on observations from ACLEI’s corruption prevention program and the considerable work of LEIC Act agencies in this area, ACLEI has developed the following framework to supplement corruption-risk mapping processes and to inform intervention strategies.

**FIGURE THREE: ACLEI's corruption risk approach framework**

Approach	Key questions (examples)
<b>Commodity approach</b>	<p>What asset(s) are you protecting from corrupt use? What in your control is of value to a corruptor?</p> <ul style="list-style-type: none"> <li>&gt; sensitive information, such as planned law enforcement activity, or law enforcement methods (and how to counter them)</li> <li>&gt; decision-making (eg manipulating law enforcement interventions, such as searches)</li> <li>&gt; seized property</li> </ul>
<b>Location approach</b>	<p>Where are the geographical areas or activities of highest corruption risk?</p> <ul style="list-style-type: none"> <li>&gt; movement of goods or passengers</li> <li>&gt; intelligence-based investigation (eg human source handling)</li> <li>&gt; drug law enforcement</li> <li>&gt; shared environments, where the risk of detection can be lessened</li> <li>&gt; high discretionary power, low supervision, low rotation</li> </ul> <p>What other environments might be less protected from corrupt activity, and be a weakness in the system?</p>
<b>Corruptor approach</b>	<p>Who may want to corrupt your staff, and why?</p> <ul style="list-style-type: none"> <li>&gt; How does their business model work? (bribery, subornation, infiltration, family ties)</li> <li>&gt; What profits are involved?</li> <li>&gt; What are the law enforcement barriers they need to defeat, in order to conduct illicit activity?</li> </ul>
<b>Susceptibility approach</b>	<p>Who of your staff may be vulnerable to corruption, if the circumstances allowed?</p> <ul style="list-style-type: none"> <li>&gt; attitudes to integrity</li> <li>&gt; workplace dysfunction</li> <li>&gt; personal susceptibilities</li> </ul> <p>Who, beyond known individuals, may be involved or recruited?</p>
<b>Vulnerability approach</b>	<p>What are the strengths of your systems (that a corrupt officer may need to circumvent)?</p> <p>What are the weaknesses in your systems (that a corrupt officer could exploit)?</p>

ACLEI's corruption risk approach framework is underpinned by:

- > acceptance that corruption occurs, and is likely to continue to occur, whenever an adequate incentive is present and deterrence measures are perceived to be weak;
- > understanding that corrupt conduct is rarely ever the work of 'one or two bad apples' acting opportunistically—a situation which would be resolved simply by the removal of those involved—rather, it is a complex interaction of a failure of individuals and of agency systems in the face of incentives to act corruptly; and
- > commitment to understand corruption risk factors and methods, and to devote resources to effective counter-measures.

The integrity partnership—now well-developed between the Integrity Commissioner and each of the CEOs of the ACC and Customs and Border Protection, and the AFP Commissioner—is founded on these common understandings.

### Awareness-raising

Due to its historically low incidence, few middle-level managers have had a direct experience of dealing with a corruption issue. This situation, unless managed as part of a risk strategy, can lead to a lack of preparedness by individuals and by organisations.

The Integrity Commissioner regards managers and supervisors as ‘the frontline of corruption control’. Each one, particularly those who have responsibilities in high corruption-risk environments, has a critical role in identifying corruption indicators and reporting any concerns to agency units responsible for professional standards and integrity, or to ACLEI.

During 2011–12, ACLEI trialled the following model and formula in training sessions with managers of high-risk groups, to explain how corruption occurs:

**FIGURE FOUR: ACLEI's corruption probability model**

$p(C) = E \times S$		
whereby (p) is the probability than any individual would act corruptly (C), depending on his or her susceptibility (S) to corruption at a particular time, and any positive or negative exposure (E) factors that may be encountered in the work environment.		
Exposure (E)		Susceptibility (S)
Presence or absence of exposure	> opportunity (dependent on tasking and deployment of an individual employee)	(examples) > age (generational values) > experience or background > debt > drug or alcohol dependency > underlying pathology > intervening psychological factors (eg depression)
	> proximity to corrupting agents or influences	
Incentive and deterrence factors (what an individual is exposed to)	> bribery or other potential reward	
	> extortion > perceived mistreatment (of self or others) in the workplace that may trigger deviant behaviour > perceived effectiveness of detection and deterrence measures	

ACLEI will continue to develop these models as a means of raising corruption-risk awareness among managers and supervisors, and as frameworks to aid the collection of more-detailed information about how corruption may happen in practice, and to interpret any patterns or trends.



## EMERGING RISKS

During the reporting year, the Integrity Commissioner established an *Emerging Issues Team* to give greater focus to identifying early indicators of corrupt conduct in ACLEI's jurisdiction, especially within high-risk operating environments. The work of this team, and of ACLEI's Intelligence Section, will allow ACLEI to direct its investigative resources to most effect, and inform corruption prevention strategies.

A number of patterns—which are well-known also in the organised crime context—were observed, or observed more often, by ACLEI and other Australian Government agencies in 2011–12.

- > Partitioning—central coordinating figures using a range of contacts and complex networks to contribute to a sequence of corrupt outcomes, such as facilitating the supply of illicit drugs. Under this 'partition' model, several participants are used, either wittingly or unwittingly, to obtain access to and provide information, or to render other assistance to an illicit operation. Some contacts may be continually active, or be called upon only occasionally (perhaps to spread risk, lessen suspicion or to retain their cooperation).
- > Infiltration—new evidence of individuals of questionable integrity making repeated attempts to gain employment with multiple law enforcement and law enforcement-related agencies.
- > Counter-surveillance measures of increasing sophistication—observation of individuals using encrypted communications and other means to evade detection and evidence collection relating to corrupt activities.

These developments occurred with other observations about corruption risk—namely that organised crime groups appear willing to pay substantial amounts to officials to facilitate the importation into Australia of illicit commodities, such as drugs and tobacco.

ACLEI's investigation and detection methods seek to take account of these developments, as do proposed changes to the law enforcement integrity legislative framework—such as integrity testing, a further extension of ACLEI's jurisdiction (in 2013), and mandatory drug testing across LEIC Act agencies.



## 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 resources frameworks, security arrangements and information technology infrastructure.

### STRENGTHENING MANAGEMENT SYSTEMS

As the head of ACLEI, the Integrity Commissioner is responsible for managing the agency in a way that promotes the proper and accountable use of Australian Government resources. The Integrity Commissioner is also mindful that, as an integrity agency, ACLEI's own internal arrangements must set an example of effective governance.

2011–12 was characterised by a number of events and activities that variously tested, and contributed to measures to strengthen, ACLEI's governance and management systems including:

- > the increased tempo and complexity in ACLEI's investigations (see Chapter 5—*Assessments and investigations*), led to a more frequent use of intrusive information-gathering powers, a greater need to accommodate and to manage secondees and partner agency investigators in joint investigations, and several interstate deployments of ACLEI staff;
- > several changes to ACLEI's legislative framework and environment (see Chapter 4—*Strengthening integrity systems* and Appendix 3—*Changes in ACLEI's operating environment*), which led to a review of key documents and procedures;
- > the negotiation of a new Enterprise Agreement (see *Management of human resources* in this chapter); and
- > the allocation to ACLEI of \$2.56 million—funded from criminal assets confiscated under the *Proceeds of Crime Act 2002*—to set up a two-year pilot surveillance capability, in partnership with the ACC (see *Organisational review*, in this chapter).

In addition, at the Government's request, Mr Peter Hamburger PSM conducted an independent *Review of the implementation of ACLEI's jurisdiction to deal with corruption issues within the Australian Customs and Border Protection Service*. The review provided further impetus and support for a number of measures—then either in progress or in contemplation—to strengthen ACLEI's management systems and structure and to bolster its capacity for corruption prevention.

One of these measures is of particular importance to ACLEI as the agency prepares for the prospect of an extended jurisdiction from mid-2013. The addition of a second Senior Executive Service (SES) officer—to be appointed in the new reporting period—will assist ACLEI to reinforce its governance arrangements in all areas and augment its capacity to improve the resistance to corruption of the agencies in the LEIC Act jurisdiction.

## CORPORATE SERVICES

In addition to day-to-day business activity, ACLEI's Corporate Services Section also manages specific projects that contribute to improving ACLEI's governance and efficiency. These projects may relate to a broad range of subjects, including human resources, finances and procurement, audit, governance and reporting, information technology, records management, security, and facilities management. These projects are described under the relevant headings in this chapter.

A priority for ACLEI's Corporate Services Section is to provide administrative support to ACLEI's operations, for example by making travel arrangements (often at short notice), obtaining and supporting remote access to computer systems or arranging for facilities and technology support, as investigations may demand.

## GOVERNANCE PRACTICES

The key elements of the governance framework that applies to the Integrity Commissioner and to ACLEI are specified in the *Financial Management and Accountability Act 1997* (the FMA Act).

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

- > Chief Executive's Instructions (CEIs) that set out the agency'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;
- > an Audit Committee which scrutinises practices and performance, and provides advice to the Integrity Commissioner about corporate and financial management; and
- > a Senior Leadership Group, comprised of the Directors of all functional areas, which contributes to decision-making on issues such as risk and fraud management, budget, staff and resource allocation and strategic planning.

During the reporting period, the Integrity Commissioner and the Executive Director continued to meet regularly with the Director Corporate Services to oversee specific financial, management and governance arrangements.

### 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.

During 2011–12, the Audit Committee terms of reference were replaced with a charter, developed to be consistent with the Australian National Audit Office (ANAO) *Model Audit Committee Charter*, published in 2011, and to comply with the Financial Management and Accountability Regulation 22C, *Audit committees*, which took effect on 1 July 2011. The Audit Committee's work program was also revised to align with the ANAO *Better Practice Guide—Public Sector Audit Committees*, which was published in 2011.

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;
- > external audits undertaken by the 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.

In March 2012, to strengthen ACLEI's internal governance arrangements, the Integrity Commissioner appointed an additional external member to the Audit Committee. Mr Oliver Winder PSM is both a former Deputy Auditor-General and a Deputy Commonwealth Ombudsman and brings to the role particular skills in the close scrutiny of agency systems.

Accordingly, as of March 2012, ACLEI's Audit Committee comprises four external members, and one internal member, and is chaired by one of the external members:

- > Mr Mark Hummerston, Assistant Privacy Commissioner (Chair);
- > Ms Sarah Chidgey, Assistant Secretary Criminal Justice Division, Attorney-General's Department;
- > Mr Stephen Hayward, Executive Director, ACLEI;
- > Mr Jeff Smart, Manager Corporate Services, High Court of Australia; and
- > Mr Oliver Winder PSM.

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 and expertise in a variety of dimensions of management and governance that would, ordinarily, not be available within an agency of ACLEI's size.

During 2011–12, the Audit Committee:

- > assessed and endorsed ACLEI's rolling three-year Strategic Internal Audit Plan;
- > oversaw internal and external audit activity and monitored progress against previous audit recommendations;
- > scrutinised the 2010–11 Financial Statements;
- > reviewed the agency's financial performance and endorsed the Financial Statements Preparation Plan for 2011–12; and
- > considered measures to strengthen ACLEI's risk management arrangements and Business Continuity Plan.

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

## Internal audit

ACLEI's Director of Corporate Services performs the role of Head of Internal Audit.

The Head of Internal Audit reports to the Audit Committee, and is accountable to the Integrity Commissioner for the efficient and effective operation of the function. ACLEI engaged Deloitte Touche Tohmatsu Limited (Deloitte) to provide internal audit services in 2011–12.

ACLEI has a rolling three-year Strategic Internal Audit Plan which the Audit Committee reviews at the beginning of each financial year. The plan is informed by agency strategic risk assessments to ensure that internal audit activity continues to address areas of higher risk for ACLEI.

This year, internal audits focused on financial controls relating to staff travel—a significant discretionary expense in 2011–12—and ACLEI's processes for the handling of evidence and exhibits (which was still underway at the close of the reporting period).

### Internal audit of financial controls (staff travel)

Financial controls and processes are a key area of risk for public service agencies, including ACLEI. Accordingly, as in previous years, Deloitte was asked to scrutinise financial controls, with a particular focus in 2011–12 on the administration of staff travel. Deloitte conducted an assessment of compliance with travel processes between 1 July 2011 and 31 December 2011, and of other processes associated with travel transactions, such as exercising delegations and use of credit cards. The audit report notes areas where ACLEI's internal policies could be improved, relating—in the main—to documentation and acquittal processes. Recommendations focus on a combination of streamlining processes to remove administrative burden and adding some simple checks within the travel request and acquittal procedures to ensure compliance with the domestic and international travel policies.

ACLEI accepted the findings and, as an initial step, has introduced improvements to the procedures for travel requests. The Audit recommendations will also inform a 2012–13 review of ACLEI's travel policy to comply with recent revisions of the whole-of-government travel policy.

## Business planning

ACLEI's planning process aligns the business plans of each functional area with the Integrity Commissioner's strategic directions and priorities. Section Business Plans describe how the focus of each Section is aligned with the agency's strategic direction and list specific projects or bodies of work targeted at achieving the outcomes and programs set down in the Portfolio Budget Statements. Section Business Plans are also linked to individual staff performance plans under ACLEI's *Program for Performance Improvement*.

## Agency risk management

In common with other Australian Government agencies, ACLEI's corporate risks include financial management, business continuity and fraud control. In addition, ACLEI faces particular risks as a consequence of 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 improving security processes to protect ACLEI against possible compromise or infiltration).

ACLEI aims to achieve a structured and consistent approach to risk identification, analysis, and mitigation. ACLEI's *Risk Management Policy* encourages practices that are designed to protect assets, fortify business operations, map liabilities, contribute to legal compliance and due diligence, assist with quality improvement, and create an environment in which staff are 'risk aware'.

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.

During 2011–12, ACLEI's Senior Leadership Group continued to monitor and manage agency risks. ACLEI's actions in these areas are discussed further in Chapter 9—*Accountability*.

### 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 and operates a rolling three-year Fraud Control Plan. ACLEI's approach is consistent with the requirements of the FMA Act and the *Commonwealth Fraud Control Guidelines*.

ACLEI assesses fraud risk annually and revises the Fraud Control Plan accordingly. ACLEI's Fraud Control Plan, Risk Register and Risk Treatment Plans are all reviewed each year by ACLEI's Audit Committee. As a preventative measure, training in fraud control and ethics is provided to new employees on engagement and is included in ACLEI's annual mandatory training program for all staff.

Also, 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 makes provision 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 2011–12 reporting period, ACLEI had appropriate fraud control mechanisms in place that met the needs of the agency and complied with the *Commonwealth Fraud Control Guidelines*.

## MANAGEMENT OF HUMAN RESOURCES

### Management structure

In 2011–12, the Integrity Commissioner was assisted by an SES officer, Mr Stephen Hayward, who occupies the position of Executive Director.

The Executive Director is supported by the Directors of ACLEI's five substantive sections:

- > Corporate Services;
- > Investigations;
- > Intelligence;
- > Legal Practice; and
- > Strategic Support.

In the latter part of 2011–12, a temporary position of Director Executive Projects was created to enable the completion of a number of governance projects, including a review of ACLEI's Standard Operating Procedures.

### Organisational review

As in previous years, the Integrity Commissioner kept ACLEI's organisational structure under review to ensure that ACLEI makes the most efficient use of resources and that its outcomes remain aligned to the Integrity Commissioner's strategic objectives.

On 13 December 2011, the then Minister for Home Affairs and Justice, the Hon. Brendan O'Connor MP, announced the allocation of \$2.56 million—from criminal assets confiscated under the *Proceeds of Crime Act 2002*—to set up a pilot physical surveillance capability for ACLEI, in partnership with the ACC. The *Surveillance Capability Enhancement Pilot Project*—to be reviewed after two years—will support investigations conducted under the LEIC Act. Towards the end of 2011–12, ACLEI created one new position to coordinate surveillance and telecommunications interception activities and manage the operational aspects of this new partnership with the ACC.

As mentioned elsewhere in this report, in early 2012, the Integrity Commissioner established a new *Emerging Issues Team*, comprising experienced members of the Investigations and Intelligence Sections.

### ACLEI's productivity

ACLEI's Collective Agreement 2009–2012 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 Performance Improvement (described under *Staff performance and development* in this chapter);
- > encouraging flexible work practices to assist employees to balance their personal responsibilities and objectives with organisational priorities; and
- > improving the alignment between business practices and processes, people management and the work environment.



In 2011–12, 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 ACLEI's various corporate projects and activities. These activities included information technology and information management projects, media monitoring, human resource advice and Ministerial and Parliamentary workflow. The Integrity Commissioner appreciates the Department's assistance with these services.

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

- > uses 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 expert assistance from other agencies to provide specific investigative or analytical capabilities for specific investigations; and
  - by drawing on the expertise of partner agencies in joint investigations 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 backgrounds and experience; and
  - trained telecommunications interception and surveillance monitors;
- > outsources transcription services relating to hearings; and
- > employs consultants with specialist expertise and investigation management skills.

ACLEI's digital transition strategy also aims to improve agency efficiency and business continuity over the coming years, including to deal with staff succession issues. Accordingly, improved records management is a high priority for ACLEI in 2011–12 and 2012–13.

### Acting Integrity Commissioner

The Minister appointed Mr Robert Cornall AO, a former Secretary of the Attorney-General's Department, to act as Integrity Commissioner on two occasions during 2011–12.

The Integrity Commissioner appreciates that Mr Cornall makes himself available to ensure that sensitive and time-critical investigations could progress in his absence.

### Staffing profile and remuneration

During 2011–12, ACLEI had funding through appropriations for 24 full-time equivalent staff positions. In addition, a temporary position was available from January 2012 as a result of resources made available by a grant to ACLEI, made from the Confiscated Assets Account, established under the *Proceeds of Crime Act 2002* (see *Organisational review*, in this chapter). Accordingly, ACLEI ended the reporting period with funding for 25 full-time equivalent staff.

ACLEI's actual staffing profile remained relatively stable in 2011–12. For different periods during the year, ACLEI seconded additional staff from other agencies to assist in specific investigations. ACLEI also retained several staff on a casual or temporary basis at various times.

ACLEI concluded the reporting period with a total of 26 staff, including the statutory position of Integrity Commissioner, 21 ongoing staff, and four non-ongoing staff members. All staff members were employed on a full-time basis.

All ACLEI staff are based in Canberra. During the year, five staff members were deployed temporarily to another capital city.

Table Twenty-One 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 2012. The table also provides comparative data from 2010–11. Casual and seconded staff are not included in the table.

**TABLE TWENTY-ONE: Staffing profile at 30 June 2012**

CLASSIFICATION	ONGOING		NON-ONGOING		TOTAL
	MALE	FEMALE	MALE	FEMALE	
Statutory Office Holder <sup>1</sup>	1 (1)	—	—	—	1 (1)
SES Band 1	1 (1)	—	—	—	1 (1)
EL 2 (\$109,715 – \$123,628)	5 (4 + 1 <sup>2</sup> )	1 (1)	—	1 (0)	7 (6)
EL 1 (\$89,247 – \$108,457)	5 (2)	4 (4)	—	1 <sup>2</sup> (0)	10 (6)
APS 6 (\$69,971 – \$80,379)	1 (1)	1 (3)	—	0 (2)	2 (6)
APS 5 (\$64,787 – \$68,698)	0 (0)	1 + 1 <sup>2</sup> (2)	0 (1)	1 (0)	3 (3)
APS 4 (\$58,084 – \$63,068)	—	1 (2)	—	1 (1)	2 (3)
APS 3 (\$52,117 – \$56,249)	—	—	—	—	—
APS 2 (\$45,758 – \$50,740)	—	—	—	—	—
APS 1 (\$40,431 – \$44,685)	—	—	—	—	—
Total	13 (10)	9 (12)	0 (1)	4 (3)	26 (26)
	22 (22)		4 (4)		

Figures in (brackets) are for staffing numbers at 30 June 2011.

1 The Integrity Commissioner is an ongoing statutory position, occupied by an appointee for a maximum sum of appointments of no more than seven years.

2 Higher duties or acting appointment.

### Non-salary benefits

As was the case in the previous year, benefits available to all ACLEI staff during the period included an employee assistance program (including free confidential professional 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 wellbeing 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](http://www.remtribunal.gov.au).

The remuneration for the SES position of Executive Director at 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 \$148,342 – \$162,580 applied at the end of the reporting period.

## Workplace agreements

The *ACLEI Collective Agreement 2009–2012*, which codifies many of ACLEI's employment conditions, covers all ACLEI staff below the level of SES. The Agreement is available on ACLEI's website, [www.aclei.gov.au](http://www.aclei.gov.au). ACLEI's SES position of Executive Director is governed by a Common Law Contract.

ACLEI has no Australian Workplace Agreements or Individual Flexibility Agreements.

At the close of the reporting period, negotiations with staff representatives to settle the ACLEI Enterprise Agreement 2012–2014 were nearing conclusion.

## Security requirements

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

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 require a security clearance appropriate to their task and may only access information classified to that level.

Upon commencement, ACLEI staff members are also required to submit a *Declaration of Private Interests* to the Integrity Commissioner and to update that declaration annually 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 for new ACLEI staff and at least annually to all staff.

## Staff performance and development

ACLEI maintains a multi-disciplinary, flexible and responsive workforce to enable the agency to manage its workflows and deal effectively with the types of corruption issues that may arise in law enforcement.

ACLEI's Program for Performance Improvement (PPI) is part of its staff development and retention strategy. The PPI 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 PPI is also integrated with ACLEI's business planning processes and links staff performance to incremental salary advancement.

With the Integrity Commissioner's focus during the year on systems and business improvement, ACLEI placed particular emphasis in 2011–12 on ensuring that managers and other staff maintain a high level of skill.

The management and leadership program for senior staff—begun in the last reporting period—extended into 2011–12, with targeted training and coaching for senior staff and managers. The Integrity Commissioner encouraged the development of ACLEI's governance capability by sponsoring senior staff members to complete the Australian Institute of Company Directors Course. In addition, ACLEI staff attended training or refresher courses in records and information management, and administrative practice.

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. During 2011–12, study leave was granted to five staff members for tertiary courses such as law, accounting and integrity studies.

During the reporting period, various ACLEI investigation and intelligence staff completed external training in integrity investigations, intelligence analysis, and specific training in the tools and technologies available to them. To support them in their roles as in-house legal counsel, staff of ACLEI's Legal Practice also attended specialised conferences and courses—for instance, in advanced negotiation skills. Operations staff received in-house training on meeting legislative obligations relating to the use of statutory powers.

ACLEI continues to develop its expertise in corruption prevention policy and practice. Accordingly, six ACLEI staff members attended the Australian Public Sector Anti-Corruption Conference held between 15 and 17 November 2011 in Fremantle, Western Australia. Another ACLEI staff member obtained a Diploma in *Essentials of Anti-Corruption* through an online program delivered by the U4 Anti-Corruption Resource Centre in Norway. AusAID provides access to this course in recognition of ACLEI's contribution to anti-corruption policy and practice in Australia and its region.

ACLEI continued its rolling program of mandatory training to all staff members in core Australian Public Service skills and competencies, including information management and security, staff security training, cultural awareness training (under the Reconciliation Action Plan) and workplace health and safety. The mandatory training program—which supplements the induction training provided to new staff—reinforces staff awareness of key subjects and keeps their knowledge up-to-date as circumstances change.

ACLEI will continue to target relevant training in 2012–13 under its Learning and Development Strategy.

### Work Health and Safety (WHS)

The *Work Health and Safety Act 2011* (Cth) (the WHS Act) commenced on 1 January 2012, replacing the *Occupational Health and Safety Act 1991*. Accordingly, in early 2012, ACLEI's Corporate Services Section revised ACLEI's internal policies to ensure that its Health and Safety Management Arrangements (HSMA) meet the new legislative requirements.

Under the HSMA, ACLEI appoints and trains a health and safety staff representative to represent and promote the health and safety interests of ACLEI staff. WHS is a standing item at regular all-staff meetings. The Employee Assistance Program is an additional avenue by which workplace health and safety issues may be raised and addressed. Fire wardens and first aid officers also help to ensure staff safety and well-being.

In 2011–12, staff members were again provided with ergonomic workstation assessments and all recommended changes were implemented.

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 search 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. WHS issues—such as personnel security and workstation design—are also taken into account when, for operational reasons, staff must work irregular hours or are deployed to other locations. Due to these factors and other WHS risks inherent in their work, ACLEI's operational staff received targeted training in first aid and workplace health and safety during 2011–12.

There were no notifiable WHS incidents and no WHS investigations during 2011–12 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 proposed ACLEI Enterprise Agreement 2012–2014 contains provision to allow leave for fulfilling cultural, ceremonial and NAIDOC week obligations.

Under the plan, ACLEI provided Indigenous cultural awareness training in 2011–12 to all staff. In addition, ACLEI hosted a three-month rotation for an Indigenous graduate who was part of the AFP Indigenous graduate program. The Integrity Commissioner intends to continue to offer such rotations in future years.

Consistent with this approach, the Integrity Commissioner endorsed the Attorney-General's portfolio *Indigenous Statement of Commitment* in August 2011.

## 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 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 2011–12 Financial Statements, which are set out in Part Four of this annual report. ACLEI thanks the ANAO for overseeing the preparation of the 2011–12 Financial Statements.

## Purchasing

The *Commonwealth Procurement Guidelines*, 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. (The new *Commonwealth Procurement Rules* came into effect on 1 July 2012.)

Within this framework, ACLEI uses procurement methods that are efficient and cost-effective, and which take account of ACLEI's security needs, specialised role and size. For instance, ACLEI has been able to use supply panels and providers already selected by or contracted to the Attorney-General's Department and other Departments. Value-for-money is always the guiding principle in selecting providers of goods and services to ACLEI.

Staff members receive training in procurement as part of their induction, to ensure that all staff members 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 including the *Commonwealth Procurement Guidelines* and relevant internal policies, including the *Chief Executive's Instructions*.

In 2011–12, ACLEI's total expenditure on consultancy contracts was \$128,773.81. ACLEI entered into four new consultancy contracts involving total actual expenditure in 2011–12 of \$63,767.30 (including GST). Another two ongoing consultancy contracts were active during the year, involving total actual expenditure in 2011–12 of \$65,006.51 (including GST).

Annual reports contain information about actual expenditure on consultancies. Information on the value of government contracts and consultancies is available on the AusTender website, [www.tenders.gov.au](http://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 in 2011–12.

## 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](http://www.aclei.gov.au), under *Accountability*.

In summary, ACLEI's total expenditure on external legal services in 2011–12 was \$44,144.41 (including GST), down from \$66,623.15 in 2010–11. This expenditure was incurred on solicitors' fees and on one brief to external legal counsel. No costs were recovered. Internal legal employee expenses, comprising salaries and on costs, are estimated to be \$544,225.23 (including GST).

## INFORMATION MANAGEMENT AND TECHNOLOGY

ACLEI and the Attorney-General's Department have entered into 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 the Help Desk services, technical expertise, file backup and system security management and support that ACLEI requires. In addition, the Department assists with ACLEI's electronic records management and hosts the ACLEI website.

This situation 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 2011–12, with the assistance of the Department, ACLEI improved its information and communications technology to assist investigations. ACLEI purchased new analytical tools and licences, to support the performance of its intelligence and investigation functions, and introduced new anti-spam measures to the *report a corruption issue* form on the ACLEI website.

## Electronic records management

ACLEI uses a segmented version of the Attorney-General's Department's Electronic Document Management System, rated *Protected*, which the Department has created exclusively for ACLEI.

In 2011–12, ACLEI began work on a digital transition strategy, which 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 (NAA) record-keeping and information management capability requirements. After the first assessment in September 2011, ACLEI initiated an information management project, which focuses on:

- > developing and delivering mandatory information management training for staff, for instance a joint NAA/ACLEI e-learning module and Electronic Document Management refresher training;
- > beginning the development of ACLEI's first Records Authority, to provide guidance on sentencing and disposal of ACLEI records, and to identify which records should be retained in the National Archives;
- > improving governance of ACLEI's information management framework, for example, by revising ACLEI's standard operating procedures for record-keeping;
- > upgrading and improving ACLEI's information management systems, with assistance from the Attorney-General's Department; and
- > implementing updated information security classifications in accordance with changes contained in the *Australian Government Protective Security Policy Framework*.

### Access to law enforcement databases

ACLEI has arrangements—including memoranda of understanding, inter-agency agreements, and the 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 continues to be a focus for the agency.

## FACILITIES MANAGEMENT

Investigating corruption issues in law enforcement agencies requires not only specialist skills, but sophisticated and secure infrastructure. Such infrastructure must support intelligence collection and analysis, communication with other agencies, the use of ACLEI's coercive, covert and intrusive information-gathering powers, and investigations that involve multi-agency taskforces.

In the latter half of the reporting period, ACLEI extended its accommodation lease for four years, to June 2016. At the same time, ACLEI commenced building works to remodel and expand the secure operations facility to take account of its growing workforce and capacity to use a wider range of powers and law enforcement methods. This major project adds to ACLEI's existing facilities a hearing room, a surveillance monitoring room, and expanded legal and taskforce suites. The expanded operations facility is expected to be complete before the end of 2012.

### 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, sound attenuation (so that classified information may be discussed securely), and is segmented into separate secure areas, requiring differing levels of access.

ACLEI's *Agency Security Plan* complies with the requirements of the *Australian Government Protective Security Policy Framework*. Accordingly, ACLEI's security risks and measures are assessed regularly as part of ACLEI's *Risk Management Plan*.



## Interstate deployments

From time to time, some staff may be temporarily deployed to other centres for the purpose of conducting investigations. In 2011–12, five staff were deployed to another capital city for varying periods, up to seven months. With the assistance of the Attorney-General's Department, ACLEI's Corporate Services Section arranged for secure temporary office facilities and secure remote access to ACLEI's ICT infrastructure for the duration of the deployment.

## 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 over the next few years.
- > *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 to encourage staff who choose to ride to work. Staff are also encouraged to participate in awareness-raising activities, such as Earth Hour.

### 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](http://www.apsc.gov.au). Since 2010–11, departments and agencies have no longer been required to report on these functions.

The National Disability Strategy, which replaces the Commonwealth Disability Strategy, sets out a ten-year national policy framework for improving life for Australians with disability, their families and carers. A high-level report to track progress for people with disability at a national level will be produced by the Standing Council on Community, Housing and Disability Services to the Council of Australian Governments and will be available at [www.fahcsia.gov.au](http://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. More detail on social inclusion matters can be found at [www.socialinclusion.gov.au](http://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](http://www.aclei.gov.au), was updated during the reporting period to improve security and accessibility. It 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](mailto:contact@aclei.gov.au).

## CHAPTER 9 | ACCOUNTABILITY

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

As an integrity agency, 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. Maintaining confidence in the integrity of ACLEI is central to the achievement of its objectives.

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 include 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 affected individuals against unfair criticism.

### Membership

The LEIC Act provides that the Committee shall consist of ten members, with five members appointed by the Senate and five members appointed by the House of Representatives.

At the end of 2010–11, the Committee's Chair was Ms Melissa Parke MP and the Deputy Chair was Senator the Hon. Ian Macdonald. Other members included Senator Doug Cameron,

Senator Steve Fielding, Senator Gavin Marshall, Senator Stephen Parry, Mr Chris Hayes MP, Mr Russell Matheson MP, Mr Luke Simpkins MP and Mr Tony Zappia MP.

Senator Fielding and Senator Marshall left the Committee on 30 June 2011 and 1 July 2011 respectively. Senator the Hon. Lisa Singh was appointed to the Committee on 1 July 2011, and Senator Penny Wright was appointed on 4 July 2011. On 16 March 2012, Senator Macdonald left the Committee and Senator Michaelia Cash was appointed Deputy Chair. Senator Wright left the Committee on 22 March 2012.

Accordingly, at 30 June 2012, the Committee membership comprised: Ms Melissa Parke MP (Chair), Senator Michaelia Cash (Deputy Chair), 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.

### Examination of the Integrity Commissioner's 2010–11 annual report

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

On 25 November 2011, the Integrity Commissioner and other senior ACLEI staff members appeared as witnesses at a public hearing held as part of the Committee's examination of the 2010–11 annual report. The Committee's report of the examination was presented to the Parliament in March 2012. A copy of that report can be obtained from the Committee's website at [www.aph.gov.au](http://www.aph.gov.au).

In its report, the Committee noted that it appreciates the need for ACLEI to evolve in line with experience and will continue to monitor its strategic development. The Committee commented that significant challenges remain for ACLEI, including the ongoing integration of the Australian Customs and Border Protection Service into ACLEI's body of work, improving the timeliness of assessments and investigations, and further development of corruption prevention programs.

The Committee made no recommendations. However the Committee observed that it would continue to monitor the length of time that is taken to complete LEIC Act investigations. In addition, the Committee suggested that future annual reports contain more explicit reference to special reports to the Minister, made under section 204 of the LEIC Act and certain information about 'out of jurisdiction' referrals to ACLEI. Accordingly, information about special reports to the Minister is provided at Chapter 6—*Reports to the Minister* and statistics about the age of matters carried forward and discussion of 'out of jurisdiction' referrals are provided in Chapter 5—*Assessments and investigations*.

The Integrity Commissioner wrote to the Committee in March 2012 to indicate how ACLEI would implement the suggestions and observations made by the Committee.

## 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 proceedings of Senate Committee hearings and responses to questions on notice are published on the Parliament of Australia website, [www.aph.gov.au](http://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 commercially confidential, personal, law enforcement or national security matters.

The listings, produced twice yearly, are available at [www.aclei.gov.au](http://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 of 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*, or Part IAA of the *Crimes Act 1914* (the Crimes Act));
- > a warrant to use a surveillance device (*Surveillance Devices Act 2004* (the Surveillance Devices 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 for Home Affairs and Justice, as appropriate, and in some cases to the Parliament. These powers are exercised under the following enactments:

- > the Surveillance Devices Act;
- > the TIA Act;
- > Part 1AB of the Crimes Act (controlled operations);
- > Division 6, Part 1AC of the Crimes Act (assumed identities); and
- > Division 2, Part IACA of the Crimes Act (witness identity protection certificates).

ACLEI's reports on the use of these powers can be found on ACLEI's website at [www.aclei.gov.au](http://www.aclei.gov.au), under *Accountability*.

As described later in this chapter, the Commonwealth Ombudsman inspects records related to the exercise of certain powers.

### 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 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 2011–12.

## 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 2011–12, the Ombudsman contacted ACLEI in relation to two complaints. In relation to the first matter, as ACLEI had not previously been aware of the complainant's concern, the Ombudsman referred the matter to ACLEI for resolution. Accordingly, this complaint was resolved to the Ombudsman's satisfaction without investigation. The second complaint was investigated by the Ombudsman in 2011–12 and subsequently resolved, without criticism.

### Own motion investigations

The Ombudsman may decide to inquire into matters of administration on his or her own motion. During 2011–12, the Ombudsman did not notify 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 Surveillance Devices Act;
- > the TIA Act; and
- > Part 1AB of the Crimes Act (controlled operations).

During the year, the Ombudsman reported on two inspections of ACLEI's telecommunications interception records, covering the periods January–June 2011 and July–December 2011. In both inspections, the Ombudsman found that ACLEI had complied with the record-keeping requirements of the TIA Act and made no recommendations.

In 2011–12, the Ombudsman did not conduct inspections into ACLEI's records of warrants exercised under the Surveillance Devices Act or Part 1AB of the Crimes Act, since none was completed in that period.

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 2011–12.

## 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](http://www.aclei.gov.au).

### Freedom of Information statistics

In 2011–12, ACLEI received seven 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 is published in the Australian Information Commissioner's annual report, which may be found at [www.oaic.gov.au](http://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

As far as practical, 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](http://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 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 or section 76 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
- > guidelines and forms for witnesses called before an information-gathering hearing, who may be eligible for legal or financial assistance.

These documents are revised from time to time to ensure their currency and to take into account changes in legislation and in ACLEI's operating environment.

### Information management

The Integrity Commissioner recognises the importance of handling appropriately the personal and sensitive information gathered by ACLEI through the use of coercive, covert or intrusive investigation methods. The review of ACLEI's Standard Operating Procedures—begun in the 2011–12 reporting period, and described in this chapter under *Operational procedures*—gave priority to refreshing information-handling, record-keeping and privacy guidelines.

ACLEI 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. Much of the information held on such databases is of a personal or sensitive nature. 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. These logs are reviewed quarterly by the Legal Section, and compared to access reports generated by the agencies concerned. 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. ACLEI's information-handling practices were audited in 2009–10 and 2010–11.



## 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, as well as the Executive Director. In addition, the Executive Director reviews 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.

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 and tactical briefings.

ACLEI has guidelines (Standard Operating Procedures), approved by the Integrity Commissioner, that cover its operational activities, including dealing with evidence, human source handling, witness protection, controlled operations, exercise of intrusive information-gathering powers, and physical and technical surveillance. The guidelines take into account ACLEI's experience, the experience of other agencies with similar powers and responsibilities and guidance provided by prosecution authorities.

In the latter part of the reporting period, ACLEI commenced a review of ACLEI's operational guidelines. The review will update existing Standard Operating Procedures or establish new ones to ensure that accountability and governance frameworks remain matched to the range of ACLEI's investigation methods, breadth of jurisdiction, and the additional powers—such as the new 'contempt' mechanism, introduced in early 2012. By the end of the reporting period, the Integrity Commissioner had approved and issued revised standard operating procedures relating to office security, information security, record keeping, confidentiality and freedom of information. The review is expected to be completed during early 2012–13.

As a further measure, the Integrity Commissioner has appointed a staff member in the operations teams to manage and coordinate ACLEI's use of surveillance and telecommunications interception methods. ACLEI's in-house lawyers also provide specialised training to staff on legal issues relating to the use of powers, authorisations, surveillance and telecommunications interception.

## Performance reviews and monitoring

To ensure that confidence in ACLEI's integrity and efficiency is maintained, ACLEI must demonstrate the responsible use of the powers provided for in legislation.

Accordingly, any new proposal to use ACLEI's coercive information-gathering and intrusive law enforcement powers is subject to the approval of the Integrity Commissioner. Each approval is accompanied by a contemporaneous record of the decision and the reasons for it.

Under its Risk Management Plan, ACLEI reviews the use and storage of information sourced from government and other external databases to ensure that internal safeguards are adequate. Key areas of operational risk—such as information management and exhibit-handling—are audited under ACLEI's internal audit program.

ACLEI also recognises the need to learn from key operations, make assessments about how well the agency performed, and to address any shortcomings. Accordingly, ACLEI conducts post-investigation analysis to inform changes in operational policy and practice.

### Inculcating professional standards

ACLEI aims to set high standards with regard to operational security and ethical behaviour. Consistent with ACLEI's understanding of corruption prevention, a mixture of methods 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. ACLEI staff members are required to maintain a security clearance from the Australian Government Security Vetting Agency of Negative Vetting Level 2 (Top Secret).
- > 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 APS 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 annually in ethics training, as part of ACLEI's mandatory training program.
- > On commencement of employment, ACLEI staff members are required to submit a *Declaration of Private Interests*—including financial and other interests—to the Integrity Commissioner, 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 Performance Improvement, help to ensure that each staff member adheres to APS values as well as to agency policies and performance standards.
- > A designated ethics contact 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 reinforce staff understanding of 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 when necessary.
- > Fraud control strategies, such as protections against misuse of ACLEI's corporate credit cards, are managed through the *Chief Executive's Instructions*. ACLEI's Fraud Control Plan informs ACLEI's strategies to detect and manage significant risks.
- > The ACLEI Audit Committee, supported by the internal audit provider, scrutinises ACLEI's practices and performance relating to accountability.

## 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.

The LEIC Act enables the Minister to make arrangements to have these 'ACLEI corruption issues' dealt with independently by a Special Investigator. A Special Investigator is able to use the same powers that are available to 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.

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.

Two ACLEI corruption issues were concluded during 2011–12. No disciplinary, criminal or civil penalty proceedings were commenced as a result of these investigations.

### Special Investigation 01/2011

#### Integrity Principle

Employees of ACLEI are as likely as other members of the community to interact with law enforcement agencies in the Integrity Commissioner's jurisdiction. Accordingly, it is inevitable that, from time to time, they or their associates will have personal dealings with a law enforcement agency. In such situations, ACLEI staff members are expected to avoid conduct that may give rise to any perception that they seek or anticipate special consideration.

#### Investigation summary

A person (the informant) raised with the Integrity Commissioner a concern that an ACLEI staff member (the employee) had attempted to influence the way in which the AFP was handling a police investigation involving a dispute within the staff member's family.

As required by the LEIC Act, the Integrity Commissioner notified the Minister, who appointed a Special Investigator, Mr Stephen Skehill, to investigate the allegation independently.

Following his review of the documentary evidence and interviews with the employee and others, the Special Investigator concluded that there were rational explanations for the employee's conduct. The Special Investigator observed that there was no evidence that the employee's employment at ACLEI had had any influence on the AFP's handling of the matter and that a number of factors suggested that the employee did not have the intention to effect any such influence. He further noted that the employee had kept ACLEI management informed of the situation.

The Special Investigator found that, despite the informant's understandable suspicion, there was no adequate basis on which to conclude that the employee had engaged in corrupt conduct.

#### Costs disclosure

ACLEI reimbursed the Attorney-General's Department \$16,654 (GST inclusive) for the cost of Special Investigation 01/2011.

## Special Investigation 01/2012

### Integrity Principle

Public sector procurement is an area of high corruption risk, whereby an employee might seek to obtain a secret commission or accept a bribe that is offered. For this reason, and others, all ACLEI staff are required to declare potential conflicts of interest, so that these conflicts may be avoided or otherwise appropriately managed.

### Investigation summary

A person (the informant) raised with the Integrity Commissioner a concern that an ACLEI staff member (the employee) may have influenced decisions in relation to the contracting of services because of a conflict of interest.

The Integrity Commissioner notified the Minister as required by the LEIC Act. The Minister appointed Mr Stephen Skehill as Special Investigator to investigate the allegation independently.

Following his investigation, which included the use of information-gathering powers under the LEIC Act, the Special Investigator concluded that there was *“strong and compelling evidence... that there had been no improper conduct”* by the employee.

The Special Investigation established that the employee had formally declared the potential conflict of interest upon commencement of employment at ACLEI. The employee had neither been involved nor sought to be involved in any decisions relating to procurement of services from the contractor and, appropriately, had referred to other ACLEI staff any related communications from the contractor.

### Recommendation

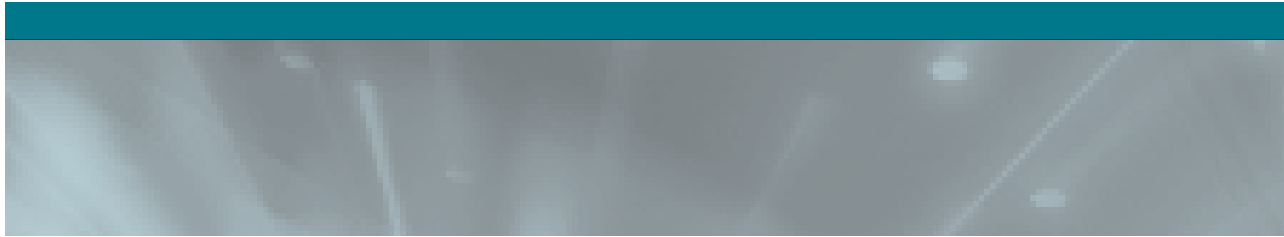
Although the Special Investigator made no adverse findings, he recommended that ACLEI implement a better system for auditing the provision of periodic and ad hoc *Declarations of Private Interests* by ACLEI staff.

### Integrity Commissioner's response

The Integrity Commissioner welcomed the Special Investigator's recommendation as a timely reminder of the need to ensure that ACLEI's governance arrangements remain matched to its growth in staff numbers, workload and jurisdictional complexity. ACLEI has since introduced a requirement for 'private interest declaration' reminders to be made to ACLEI staff at six-monthly intervals, as the basis for an improved system for auditing these declarations.

### Costs disclosure

ACLEI reimbursed the Attorney-General's Department \$57,829 (GST inclusive) for the cost of Special Investigation 01/2012.



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# **PART FOUR**

## Financial Statements



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Home Affairs and Justice

I have audited the accompanying financial statements of the Australian Commission for Law Enforcement Integrity for the year ended 30 June 2012, 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, 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.

GPO Box 707 CANBERRA ACT 2601  
19 National Circuit BARTON ACT  
Phone (02) 6203 7390 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 2012 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

17 September 2012



## STATEMENT BY THE INTEGRITY COMMISSIONER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2012 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

17 September 2012



Eve Kopec  
A/g Chief Finance Officer

17 September 2012

**STATEMENT OF COMPREHENSIVE INCOME for the Australian Commission for Law Enforcement Integrity**  
*for the period ended 30 June 2012*

	Notes	2012 \$'000	2011 \$'000
<b>EXPENSES</b>			
Employee benefits	3A	3,713	2,805
Suppliers	3B	1,888	1,579
Depreciation and amortisation	3C	402	440
Finance costs	3D	7	7
<b>Total expenses</b>		<b>6,010</b>	<b>4,831</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Other revenue	4A	2	-
<b>Total own-source revenue</b>		<b>2</b>	<b>-</b>
<b>Gains</b>			
Other gains	4B	29	29
<b>Total gains</b>		<b>29</b>	<b>29</b>
<b>Total own-source income</b>		<b>31</b>	<b>29</b>
<b>Net cost of (contribution by) services</b>		<b>5,979</b>	<b>4,802</b>
Revenue from Government	4C	5,150	4,781
<b>Surplus (Deficit) attributable to the Australian Government</b>		<b>(829)</b>	<b>(21)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus		1,053	-
Changes in make good provision revaluation surplus		57	-
<b>Total other comprehensive income</b>		<b>1,110</b>	<b>-</b>
<b>Total comprehensive income (loss) attributable to the Australian Government</b>		<b>281</b>	<b>(21)</b>

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 2012*

	Notes	2012 \$'000	2011 \$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5A	11	125
Trade and other receivables	5B	5,155	4,173
<b>Total financial assets</b>		<b>5,166</b>	<b>4,298</b>
<b>Non-Financial Assets</b>			
Land and buildings	6A,C	1,300	190
Property, plant and equipment	6B,C	561	345
Intangibles	6D,E	65	-
Other	6F	285	16
<b>Total non-financial assets</b>		<b>2,211</b>	<b>551</b>
<b>Total Assets</b>		<b>7,377</b>	<b>4,849</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	154	252
Other	7B	1,169	152
<b>Total payables</b>		<b>1,323</b>	<b>404</b>
<b>Provisions</b>			
Employee provisions	8A	845	673
Other	8B	154	166
<b>Total provisions</b>		<b>999</b>	<b>839</b>
<b>Total liabilities</b>		<b>2,322</b>	<b>1,243</b>
<b>Net assets</b>		<b>5,055</b>	<b>3,606</b>
<b>EQUITY</b>			
<b>Parent Entity Interest</b>			
Contributed equity		5,411	4,243
Reserves		1,110	-
Retained surplus (accumulated deficit)		(1,466)	(637)
<b>Total parent entity interest</b>		<b>5,055</b>	<b>3,606</b>
<b>Total equity</b>		<b>5,055</b>	<b>3,606</b>

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 2012*

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>								
Balance carried forward from previous period	(637)	(616)	-	-	4,243	3,848	3,606	3,232
<b>Adjusted opening balance</b>	<b>(637)</b>	<b>(616)</b>	<b>-</b>	<b>-</b>	<b>4,243</b>	<b>3,848</b>	<b>3,606</b>	<b>3,232</b>
<b>Comprehensive income</b>								
Other comprehensive income	-	-	1,110	-	-	-	1,110	-
Surplus (Deficit) for the period	(829)	(21)	-	-	-	-	(829)	(21)
<b>Total comprehensive income</b>	<b>(829)</b>	<b>(21)</b>	<b>1,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281</b>	<b>(21)</b>
of which:								
Attributable to the Australian Government	(829)	(21)	1,110	-	-	-	281	(21)
<b>Transactions with owners</b>								
<b>Contributions by owners</b>								
Departmental capital budget	-	-	-	-	1,168	395	1,168	395
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,168</b>	<b>395</b>	<b>1,168</b>	<b>395</b>
Transfers between equity components	-	-	-	-	-	-	-	-
<b>Closing balance as at 30 June</b>	<b>(1,466)</b>	<b>(637)</b>	<b>1,110</b>	<b>-</b>	<b>5,411</b>	<b>4,243</b>	<b>5,055</b>	<b>3,606</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(1,466)</b>	<b>(637)</b>	<b>1,110</b>	<b>-</b>	<b>5,411</b>	<b>4,243</b>	<b>5,055</b>	<b>3,606</b>

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 2012*

	Notes	2012 \$'000	2011 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		5,271	4,758
Net GST received		228	-
Other		755	-
<b>Total cash received</b>		<b>6,254</b>	<b>4,758</b>
<b>Cash used</b>			
Employees		3,503	2,807
Suppliers		2,004	1,622
Net GST paid		-	119
Section 31 receipts transferred to the Official Public Account (FMA Act)		808	112
Other		-	-
<b>Total cash used</b>		<b>6,315</b>	<b>4,660</b>
<b>Net cash from (used by) operating activities</b>	9	<b>(61)</b>	<b>98</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		-	-
Other		-	-
<b>Total cash received</b>		<b>-</b>	<b>-</b>
<b>Cash used</b>			
Purchase of property, plant and equipment		702	85
Other		-	-
<b>Total cash used</b>		<b>702</b>	<b>85</b>
<b>Net cash from (used by) investing activities</b>		<b>(702)</b>	<b>(85)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity		649	28
Other		-	-
<b>Total cash received</b>		<b>649</b>	<b>28</b>
<b>Cash used</b>			
Repayment of borrowings		-	-
Other		-	-
<b>Total cash used</b>		<b>-</b>	<b>-</b>
<b>Net cash from (used by) financing activities</b>		<b>649</b>	<b>28</b>
<b>Net increase (decrease) in cash held</b>		<b>(114)</b>	<b>41</b>
Cash and cash equivalents at the beginning of the reporting period		125	84
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<b>11</b>	<b>125</b>

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 2012*

	2012	2011
BY TYPE	\$'000	\$'000
<b>Commitments receivable</b>		
Net GST recoverable on commitments <sup>1</sup>	160	37
<b>Total commitments receivable</b>	<b>160</b>	<b>37</b>
<b>Other commitments</b>		
Operating leases <sup>2</sup>	1,703	400
Other	56	5
<b>Total other commitments</b>	<b>1,759</b>	<b>405</b>
<b>Total commitments payable</b>	<b>1,759</b>	<b>405</b>
<b>Net commitments by type</b>	<b>1,599</b>	<b>368</b>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
One year or less	23	37
From one to five years	137	-
Over five years	-	-
<b>Total other commitments receivable</b>	<b>160</b>	<b>37</b>
<b>Commitments payable</b>		
<b>Operating lease commitments</b>		
One year or less	225	400
From one to five years	1,478	-
Over five years	-	-
<b>Total operating lease commitments</b>	<b>1,703</b>	<b>400</b>
<b>Other Commitments</b>		
One year or less	24	5
From one to five years	32	-
Over five years	-	-
<b>Total other commitments</b>	<b>56</b>	<b>5</b>
<b>Net commitments by maturity</b>	<b>1,599</b>	<b>368</b>

Footnote:

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

Note: Commitments are GST inclusive where relevant.

**Operating Leases**

**Lease for Office Accommodation**

The Agency's original lease was surrendered and a new lease commenced during the reporting period.

The period of the office accommodation lease is still current and an option to renew is not available. Lease payments are subject to annual increase of 3.75% from the original anniversary of the lease.

**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.

**Other Commitments**

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.

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.



### 1.3 Significant Accounting Judgements and Estimates

In process of applying the accounting policies listed in this note, the Agency has made the following accounting judgement which has a significant impact on the amounts recorded in the financial

- the fair value of 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 accounting 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 which have been issued will have no material impact for the current reporting period.

#### Future Australian Accounting Standard Requirements

The new standards, revised standards, interpretations or amendments issued by the Australian Accounting Standards Board prior to the signing of the statement by the Chief Executive Officer are expected to have no material financial impact on the Agency for future reporting periods.

### 1.5 Revenue

Resources received free of charge are recorded as either revenue or gains depending on their nature.

#### 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.

### 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 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 reference to the work of an actuary as at 30 June 2012. 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 and other schemes are defined contribution schemes.

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.

When 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 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 in the following categories:

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

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 or 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 or 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 assets or liabilities as at 30 June 2012 and also had none at 30 June 2011.

#### 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 \$2,000.00, 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 measured at
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Depreciated replacement cost

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 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:

	2012	2011
	<b>Lower of useful life or lease term</b>	Lease term
Leasehold improvements		
Furniture	<b>5 years</b>	5 years
Infrastructure	<b>5 years</b>	5 years
Equipment	<b>3 years</b>	3 years

Impairment

All assets were assessed for impairment at 30 June 2012. 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. When 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 (2011: 3 years).

All software assets were assessed for indications of impairment as at 30 June 2012.

**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:

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

**Note 2: Events After the Reporting Period**

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

**Note 3: Expenses**

	2012 \$'000	2011 \$'000
<b>Note 3A: Employee Benefits</b>		
Wages and salaries	2,839	2,176
Superannuation:		
Defined contribution plans	260	132
Defined benefit plans	216	227
Leave and other entitlements	398	270
<b>Total employee benefits</b>	<b>3,713</b>	<b>2,805</b>

**Note 3B: Suppliers****Goods and services**

Business operating expenses	202	185
Information communication technology	371	304
Professional and legal	421	265
Travel and employee development	477	409
Other	20	30
<b>Total goods and services</b>	<b>1,491</b>	<b>1,193</b>

**Goods and services are made up of:**

Provision of goods – related entities	-	-
Provision of goods – external parties	132	146
Rendering of services – related entities	452	425
Rendering of services – external parties	907	622
<b>Total goods and services</b>	<b>1,491</b>	<b>1,193</b>

**Other supplier expenses****Operating lease rentals – external parties:**

Minimum lease payments	380	378
Workers compensation expenses	17	8
<b>Total other supplier expenses</b>	<b>397</b>	<b>386</b>
<b>Total supplier expenses</b>	<b>1,888</b>	<b>1,579</b>

**Note 3C: Depreciation and Amortisation****Depreciation:**

Property, plant and equipment	209	239
Buildings	189	186
<b>Total depreciation</b>	<b>398</b>	<b>425</b>

**Amortisation:**

Intangibles	4	15
<b>Total amortisation</b>	<b>4</b>	<b>15</b>
<b>Total depreciation and amortisation</b>	<b>402</b>	<b>440</b>

**Note 3: Expenses (continued)**

	2012	2011
	\$'000	\$'000
<b>Note 3D: Finance Costs</b>		
Unwinding of discount	7	7
<b>Total finance costs</b>	<u>7</u>	<u>7</u>

**Note 4: Income**

	2012	2011
	\$'000	\$'000
<b>OWN-SOURCE REVENUE</b>		
<b>Note 4A: Other Revenue</b>		
Other	2	-
<b>Total other revenue</b>	<u>2</u>	<u>-</u>

**Note 4B: Other Gains**

Resources received free of charge	29	29
<b>Total other gains</b>	<u>29</u>	<u>29</u>

**REVENUE FROM GOVERNMENT****Note 4C: Revenue from Government**

<b>Appropriations</b>		
Departmental appropriation	5,150	4,781
<b>Total revenue from Government</b>	<u>5,150</u>	<u>4,781</u>

**Note 5: Financial Assets**

	2012 \$'000	2011 \$'000
<b><u>Note 5A: Cash and Cash Equivalents</u></b>		
Cash on hand or on deposit	11	125
<b>Total cash and cash equivalents</b>	<b>11</b>	<b>125</b>
<b><u>Note 5B: Trade and Other Receivables</u></b>		
<b>Good and Services:</b>		
Goods and services - related entities	48	38
Goods and services - external parties	-	7
<b>Total receivables for goods and services</b>	<b>48</b>	<b>45</b>
<b>Appropriation receivable</b>		
For existing programs	4,867	3,660
<b>Total appropriations receivable</b>	<b>4,867</b>	<b>3,660</b>
<b>Other receivables:</b>		
GST receivable from the Australian Taxation Office	240	468
<b>Total other receivables</b>	<b>240</b>	<b>468</b>
<b>Total trade and other receivables (gross)</b>	<b>5,155</b>	<b>4,173</b>
<b>Less impairment allowance account:</b>		
Other	-	-
<b>Total impairment allowance account</b>	<b>-</b>	<b>-</b>
<b>Total trade and other receivables (net)</b>	<b>5,155</b>	<b>4,173</b>
<b>Receivables are expected to be recovered in:</b>		
No more than 12 months	5,155	4,173
More than 12 months	-	-
<b>Total trade and other receivables (net)</b>	<b>5,155</b>	<b>4,173</b>
<b>Receivables are aged as follows:</b>		
Not overdue	5,016	3,758
Overdue by:		
0 to 30 days	11	36
31 to 60 days	18	35
61 to 90 days	28	31
More than 90 days	82	313
<b>Total receivables (gross)</b>	<b>5,155</b>	<b>4,173</b>



**Note 6: Non-Financial Assets**

	2012 \$'000	2011 \$'000
<b>Note 6A: Land and Buildings</b>		
<b>Leasehold improvements:</b>		
Fair value	1,301	572
Accumulated depreciation	(1)	(382)
<b>Total leasehold improvements</b>	<b>1,300</b>	<b>190</b>
<b>Total land and buildings</b>	<b>1,300</b>	<b>190</b>

No indicators of impairment were found for land and buildings.

**Revaluations of non-financial assets**

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.

A revaluation increment of \$750,000 for leasehold improvements (2011: nil) was credited to the asset revaluation surplus by asset class and included in the equity section of the balance sheet. No increments were expensed (2011: nil).

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

**Note 6B: Property, Plant and Equipment****Furniture**

Fair value	245	323
Accumulated depreciation	-	(205)
<b>Total furniture</b>	<b>245</b>	<b>118</b>

**Infrastructure**

Fair value	227	383
Accumulated depreciation	-	(275)
<b>Total infrastructure</b>	<b>227</b>	<b>108</b>

**Equipment**

Fair value	90	340
Accumulated depreciation	(1)	(221)
<b>Total equipment</b>	<b>89</b>	<b>119</b>
<b>Total property, plant and equipment</b>	<b>561</b>	<b>345</b>

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

**Revaluations of non-financial assets**

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.

A revaluation increment of \$303,000 for property, plant and equipment (2011: nil) was credited to the asset revaluation surplus by asset class and included in the equity section of the balance sheet. No increments were expensed (2011: nil).

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

**Note 6: Non-Financial Assets****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
<b>As at 1 July 2011</b>					
Gross book value	571	323	383	340	1,617
Accumulated depreciation and impairment	(382)	(205)	(275)	(221)	(1,083)
<b>Net book value 1 July 2011</b>	<b>189</b>	<b>118</b>	<b>108</b>	<b>119</b>	<b>534</b>
Additions:					
By purchase	550	106	-	16	672
Revaluations and impairments recognised in other comprehensive income	750	71	209	23	1,053
Depreciation expense	(189)	(50)	(90)	(69)	(398)
<b>Net book value 30 June 2012</b>	<b>1,300</b>	<b>245</b>	<b>227</b>	<b>89</b>	<b>1,861</b>
<b>Net book value as of 30 June 2012 represented by:</b>					
Gross book value	1,301	245	227	90	1,863
Accumulated depreciation and impairment	(1)	-	-	(1)	(2)
	<b>1,300</b>	<b>245</b>	<b>227</b>	<b>89</b>	<b>1,861</b>

Note 6: Non-Financial Assets (continued)

Note 6C: Reconciliation of the Opening and Closing Balances of Land and Buildings and Property, Plant and Equipment 2011

	Leasehold Improvements \$'000	Furniture \$'000	Infrastructure \$'000	Equipment \$'000	Total \$'000
<b>As at 1 July 2010</b>					
Gross book value	554	314	365	299	1,532
Accumulated depreciation and impairment	(196)	(136)	(163)	(163)	(658)
<b>Net book value 1 July 2010</b>	<b>358</b>	<b>178</b>	<b>202</b>	<b>136</b>	<b>874</b>
Additions:					
By purchase	17	9	18	41	85
Depreciation expense	(186)	(69)	(112)	(58)	(425)
<b>Net book value 30 June 2011</b>	<b>189</b>	<b>118</b>	<b>108</b>	<b>119</b>	<b>534</b>
<b>Net book value as of 30 June 2011 represented by:</b>					
Gross book value	571	323	383	340	1,617
Accumulated depreciation and impairment	(382)	(205)	(275)	(221)	(1,083)
	<b>189</b>	<b>118</b>	<b>108</b>	<b>119</b>	<b>534</b>

**Note 6: Non-Financial Assets (continued)**

	2012 \$'000	2011 \$'000
<b><u>Note 6D: Intangibles</u></b>		
<b>Computer software:</b>		
Purchased	149	79
Accumulated amortisation	(84)	(79)
<b>Total computer software</b>	<b>65</b>	<b>-</b>
<b>Total intangibles</b>	<b>65</b>	<b>-</b>

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 2012**

	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2011</b>		
Gross book value	79	79
Accumulated amortisation and impairment	(79)	(79)
<b>Net book value 1 July 2011</b>	-	-
Additions:		
By purchase	69	69
Amortisation	(4)	(4)
<b>Net book value 30 June 2012</b>	65	65
<b>Net book value as of 30 June 2012 represented by:</b>		
Gross book value	149	149
Accumulated amortisation and impairment	(84)	(84)
	65	65

**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2011**

	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2010</b>		
Gross book value	79	79
Accumulated amortisation and impairment	(64)	(64)
<b>Net book value 1 July 2010</b>	15	15
Additions:		
By purchase	-	-
Amortisation	(15)	(15)
<b>Net book value 30 June 2011</b>	-	-
<b>Net book value as of 30 June 2011 represented by:</b>		
Gross book value	79	79
Accumulated amortisation and impairment	(79)	(79)
	-	-

**Note 6: Non-Financial Assets (continued)**

	2012 \$'000	2011 \$'000
<b>Note 6F: Other Non-Financial Assets</b>		
Prepayments	47	16
Lease incentive	238	-
<b>Total other non-financial assets</b>	<b>285</b>	<b>16</b>
<b>Total other non-financial assets - are expected to be recovered in:</b>		
No more than 12 months	285	16
More than 12 months	-	-
<b>Total other non-financial assets</b>	<b>285</b>	<b>16</b>

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

**Note 7: Payables**

	2012 \$'000	2011 \$'000
<b>Note 7A: Suppliers</b>		
Trade creditors and accruals	151	235
Operating lease rentals	3	17
<b>Total supplier payables</b>	<b>154</b>	<b>252</b>
<b>Supplier payables expected to be settled within 12 months:</b>		
Related entities	43	73
External parties	108	179
<b>Total</b>	<b>151</b>	<b>252</b>
<b>Supplier payables expected to be settled in greater than 12 months:</b>		
Related entities	-	-
External parties	3	-
<b>Total</b>	<b>3</b>	<b>-</b>
<b>Total supplier payables</b>	<b>154</b>	<b>252</b>

Settlement was usually made within 30 days.

**Note 7B: Other Payables**

Wages and salaries	95	57
Superannuation	16	14
Lease incentive	261	-
Unearned income	755	-
GST payable	8	7
Other	34	74
<b>Total other payables</b>	<b>1,169</b>	<b>152</b>
<b>Total other payables are expected to be settled in:</b>		
No more than 12 months	974	152
More than 12 months	195	-
<b>Total other payables</b>	<b>1,169</b>	<b>152</b>

**Note 8: Provisions**

	2012 \$'000	2011 \$'000
<b>Note 8A: Employee Provisions</b>		
Leave	845	673
<b>Total employee provisions</b>	<b>845</b>	<b>673</b>
<b>Employee provisions are expected to be settled in:</b>		
No more than 12 months	159	108
More than 12 months	686	565
<b>Total employee provisions</b>	<b>845</b>	<b>673</b>
<b>Note 8B: Other Provisions</b>		
Provision for restoration obligations	154	166
<b>Total other provisions</b>	<b>154</b>	<b>166</b>
<b>Other provisions are expected to be settled in:</b>		
No more than 12 months	-	166
More than 12 months	154	-
<b>Total other provisions</b>	<b>154</b>	<b>166</b>
	<b>Provision for restoration \$'000</b>	<b>Total \$'000</b>
<b>Carrying amount 1 July 2011</b>	<b>166</b>	<b>166</b>
Additional provisions made	38	38
Unwinding of discount or change in discount rate <sup>1</sup>	(50)	(50)
<b>Closing balance 2012</b>	<b>154</b>	<b>154</b>

The Agency currently has one (2011: 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.

<sup>1</sup> During the 2012 reporting period, ACLEI's lease expired and a new lease commenced. The carrying amount of the provision for restoration was revalued at the end of the original lease term, with a decrement of \$57,000. The unwinding of the discount for the period was an increment of \$7,000.

The Agency also recognised an additional provision for restoration as the net lettable area increased under the new lease.

**Note 9: Cash Flow Reconciliation**

	2012 \$'000	2011 \$'000
<b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</b>		
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	11	125
Balance sheet	11	125
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	5,979	4,802
Add revenue from Government	5,150	4,781
<b>Adjustments for non-cash items</b>		
Depreciation / amortisation	402	440
<b>Changes in assets / liabilities</b>		
(Increase) / decrease in net receivables	(463)	(383)
(Increase) / decrease in other non-financial assets	(268)	(2)
Increase / (decrease) in employee provisions	172	112
Increase / (decrease) in supplier payables	(138)	(78)
Increase / (decrease) in other payable	1,056	23
Increase / (decrease) in other provisions	7	7
<b>Net cash from (used by) operating activities</b>	<u>(61)</u>	<u>98</u>



**Note 10: Senior Executive Remuneration****Note 10A: Senior Executive Remuneration Expense for the Reporting Period**

	2012	2011
	\$	\$
<b>Short-term employee benefits:</b>		
Salary: including annual leave taken	474,290	434,144
Annual leave accrued	4,761	3,201
Other	39,992	61,022
<b>Total short-term employee benefits</b>	<b>519,043</b>	<b>498,367</b>
<b>Post-employment benefits:</b>		
Superannuation	69,640	66,223
<b>Total post-employment benefits</b>	<b>69,640</b>	<b>66,223</b>
<b>Other long-term benefits:</b>		
Long-service leave	28,109	15,108
<b>Total other long-term benefits</b>	<b>28,109</b>	<b>15,108</b>
Termination benefits	-	-
<b>Total</b>	<b>616,792</b>	<b>579,698</b>

**Notes:**

1. Note 10A was prepared on an accrual basis (so the performance bonus expenses disclosed above differ from the cash 'Bonus paid' in Note 10B).

2. Note 10A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$150,000.

**Note 10: Senior Executive Remuneration (continued)**

**Note 10B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period**

	2012				
	Senior Executives No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Reportable allowances <sup>4</sup> \$	Total \$
Average annual reportable remuneration <sup>1</sup>					
Total remuneration (including part-time arrangements):					
\$210,000 to \$239,999	1	185,337	26,890	195	212,422
\$330,000 to \$359,999		306,790	44,348	-	351,138
<b>Total</b>	<b>2</b>				

	2011				
	Senior Executives No.	Reportable salary <sup>2</sup> \$	Contributed superannuation <sup>3</sup> \$	Reportable allowances <sup>4</sup> \$	Total \$
Average annual reportable remuneration <sup>1</sup>					
Total remuneration (including part-time arrangements):					
\$180,000 to \$209,999	1	146,342	22,226	21,929	190,497
\$330,000 to \$359,999	1	288,349	50,011	-	338,360
<b>Total</b>	<b>2</b>				

**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 actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payment summaries.
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.
6. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

**Note 10C: Other Highly Paid Staff**

During the reporting period, there were no employees whose salary plus performance bonus were \$150,000 or more.

**Note 11: Remuneration of Auditors**

	2012 \$'000	2011 \$'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	29	29
<b>Total</b>	<b>29</b>	<b>29</b>

No other services were provided by the ANAO of the financial statements.

**Note 12: Financial Instruments**

	2012 \$'000	2011 \$'000
--	----------------	----------------

**Note 12A: Categories of Financial Instruments****Financial Assets****Loans and receivables:**

Cash and cash equivalent	11	125
Trade and other receivables	48	45
<b>Total</b>	<b>59</b>	<b>170</b>
<b>Carrying amount of financial assets</b>	<b>59</b>	<b>170</b>

**Financial Liabilities****At amortised cost:**

Trade creditors	154	252
<b>Total</b>	<b>154</b>	<b>252</b>
<b>Carrying amount of financial liabilities</b>	<b>154</b>	<b>252</b>

**Note 12B: Net Income and Expense from Financial Assets**

There is no net income/expense from financial assets in 2012.

(2011: 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 2012.

(2011: 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.

	2012 \$'000	2011 \$'000
<b>Financial assets</b>		
Loans and receivables		
Cash and cash equivalents	11	125
Trade and other receivables	48	45
<b>Total</b>	<b>59</b>	<b>170</b>
<b>Financial liabilities</b>		
At amortised cost		
Trade creditors	154	252
<b>Total</b>	<b>154</b>	<b>252</b>

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 2012 \$'000	Not past due nor impaired 2011 \$'000	Past due or impaired 2012 \$'000	Past due or impaired 2011 \$'000
Loans and receivables				
Cash and cash equivalents	11	125	-	-
Trade and other receivables	48	45	-	-
<b>Total</b>	<b>59</b>	<b>170</b>	<b>-</b>	<b>-</b>

**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
<b>Total</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48</b>

**Ageing of financial assets that were past due but not impaired for 2011**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	45	-	-	-	45
<b>Total</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>

**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 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
<b>Total</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154</b>

**Maturities for non-derivative financial liabilities 2011**

	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	252	-	-	-	-	252
<b>Total</b>	<b>252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252</b>

The entity has no derivative financial liabilities in both the current and prior year.

**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**

		<b>2012</b>	2011
		<b>\$'000</b>	\$'000
<b>Financial Assets</b>	<b>Notes</b>		
<b>Total financial assets as per balance sheet</b>		<b>5,165</b>	4,302
Less: non-financial instrument components			
Appropriation receivable	5B	<b>4,867</b>	3,660
Other receivables	5B	<b>240</b>	468
Total non-financial instrument components		<b>5,107</b>	4,128
<b>Total financial assets as per financial instruments note</b>		<b>59</b>	170

**Note 14: Appropriations**

**Table A: Annual Appropriations (Recoverable GST exclusive)**

	2012 Appropriations					
	Appropriation Act			FMA Act		
	Annual Appropriations reduced <sup>(a)</sup> \$'000	AFM <sup>(b)</sup> \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000	Total appropriation \$'000
DEPARTMENTAL						
Ordinary annual services	6,318	-	78	825	-	7,221
Other services	-	-	-	-	-	-
Equity	-	-	-	-	-	-
<b>Total departmental</b>	<b>6,318</b>	<b>-</b>	<b>78</b>	<b>825</b>	<b>-</b>	<b>7,221</b>
						<b>1,093</b>
						<b>1,093</b>

**Notes:**

- (a) 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.
- (b) 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.
- (c) Ordinary annual services - variance represents the balance left from unspent annual appropriation, Departmental Capital Budget, section 30 repayments and section 31 receipts. (Refer Table C for total appropriation receivable balance at 30 June 2012).

	2011 Appropriations					
	Appropriation Act			FMA Act		
	Annual Appropriations reduced <sup>(a)</sup> \$'000	AFM <sup>(b)</sup> \$'000	Section 14 (Act No. 1) \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000
DEPARTMENTAL						
Ordinary annual services	5,176	-	-	77	112	-
Other services	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Previous years' outputs	-	-	-	-	-	-
<b>Total departmental</b>	<b>5,176</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>112</b>	<b>-</b>
						<b>5,365</b>
						<b>4,717</b>
						<b>(28)</b>
						<b>620</b>

**Notes:**

- (a) Appropriations reduced under Appropriation Acts (No.1,3,5) 2010-11: sections 10, 11, 12 and 15 and under Appropriation Acts (No.2,4,6) 2010-11: 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 2010-11 financial year.
- (b) Advance to the Finance Minister (AFM) - Appropriation Acts (No.1,3,5) 2010-11: section 13 and Appropriation Acts (No.2,4,6) 2010-11: section 15.
- (c) Ordinary annual services - variance represents the balance left from unspent annual appropriation, Departmental Capital Budget, section 30 repayments and section 31 receipts. Other services (Equity) - variance represents the amount of cash used from prior year unspent equity injections. (Refer Table C for total appropriation receivable balance at 30 June 2011).

Note 14: Appropriations (continued)

Table B: Departmental Capital Budgets ('Recoverable GST exclusive')

	2012 Capital Budget Appropriations			Capital Budget Appropriations applied in 2012 (current and prior years)			
	FMA Act			FMA Act			
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000	Payments for non financial assets <sup>3</sup> \$'000	Payments for other purposes \$'000	Total payments \$'000
DEPARTMENTAL							
Ordinary annual services - Departmental Capital Budget <sup>1</sup>	1,168	-	-	1,168	649	-	649
Total departmental	1,168	-	-	1,168	649	-	649
							Variance \$'000
							519
							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 condition, and the capital repayment component of finance leases.

	2011 Capital Budget Appropriations			Capital Budget Appropriations applied in 2011 (current and prior years)			
	FMA Act			FMA Act			
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000	Payments for non financial assets <sup>3</sup> \$'000	Payments for other purposes \$'000	Total payments \$'000
DEPARTMENTAL							
Ordinary annual services - Departmental Capital Budget <sup>1</sup>	395	-	-	395	-	-	-
Total departmental	395	-	-	395	-	-	-
							Variance \$'000
							395
							395

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) 2010-11: 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 condition, and the capital repayment component of finance leases.



**Note 14: Appropriations (continued)****Table C: Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')**

<b>Authority</b>	<b>2012 \$'000</b>	<b>2011 \$'000</b>
2005/06 - Act 2 - Non Operating - Equity Injection	75	75
2008/09 - Act 2 - Non Operating - Equity Injection	5	5
2005/06 - Appropriation Act 1	1,478	1,913
2006/07 - Appropriation Act 1	324	324
2007/08 - Appropriation Act 1	70	70
2008/09 - Appropriation Act 1	401	401
2009/10 - Appropriation Act 1	265	265
2010/11 - Appropriation Act 1	213	213
2010/11 - Appropriation Act 1 - Capital Budget (DCB) - Non Operating	395	395
2011/12 - Appropriation Act 1	1,123	-
2011/12 - Appropriation Act 1 - Capital Budget (DCB) - Non Operating	519	-
Cash and cash equivalents	11	125
<b>Total</b>	<b>4,879</b>	<b>3,786</b>

**Note 15: Compensation and Debt Relief**

	2012 \$	2011 \$
<b>Departmental</b>		
No 'Act of Grace payments' were expended during the reporting period (2011: No expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2011: No waivers).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2011: No payments).	-	-
No ex-gratia payments were provided for during the reporting period (2011: No payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period (2011: 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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>				
Expenses	<b>6,010</b>	4,831	<b>6,010</b>	4,831
Less Own-source income	<b>31</b>	29	<b>31</b>	29
<b>Net cost/(contribution) of outcome delivery</b>	<b>5,979</b>	4,802	<b>5,979</b>	4,802

Outcome 1 is described in Note 1.1. Net costs shown included intra-government costs that were eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table on page 47 of this Annual Report.

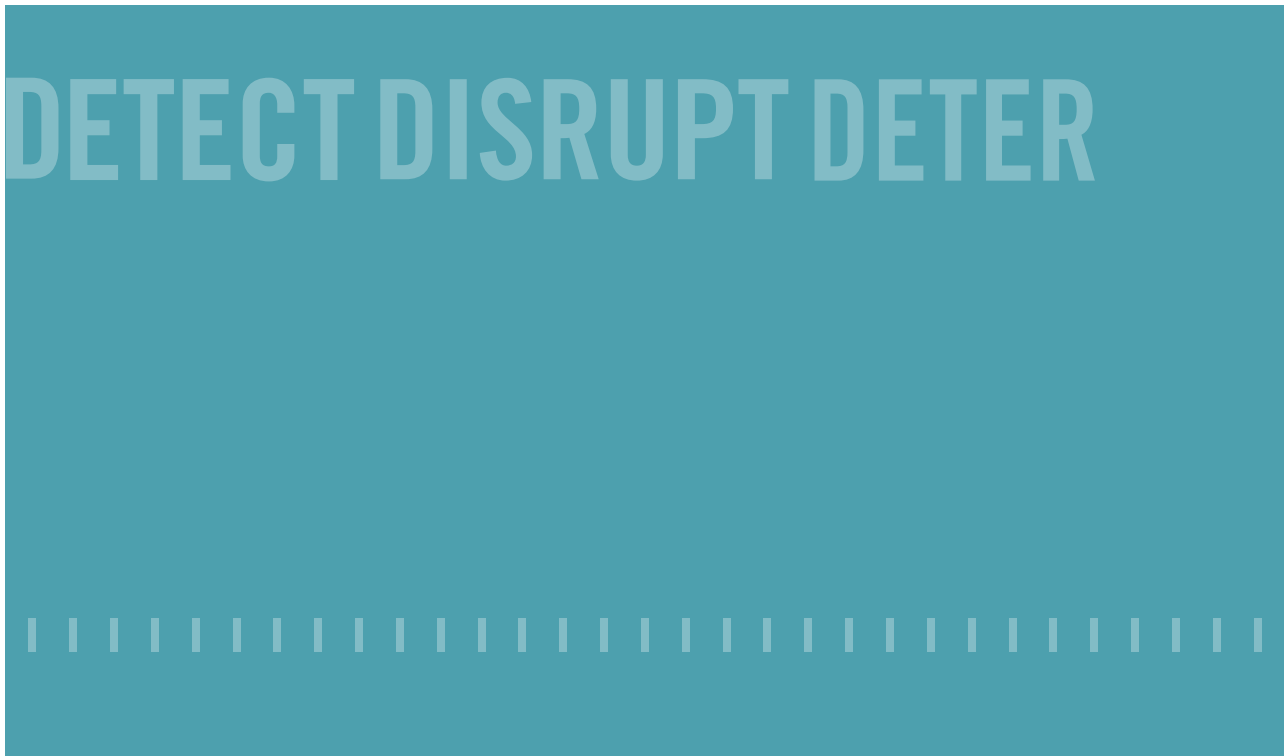
**Note 17: Net Cash Appropriation Arrangements**

	2012 \$'000	2011 \$'000
<b>Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>683</b>	<b>419</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>402</u>	<u>440</u>
<b>Total comprehensive income (loss) - as per the Statement of Comprehensive Income</b>	<b><u>281</u></b>	<b><u>(21)</u></b>

## 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 for capital expenditure.





# PART FIVE

## Appendices

- Appendix 1** Papers and presentations  
by the Integrity Commissioner
- Appendix 2** Additional statistics
- Appendix 3** Changes in ACLEI's  
operating environment

# APPENDIX 1 | PAPERS AND PRESENTATIONS BY THE INTEGRITY COMMISSIONER

The following presentations were made during 2011–12 by the Integrity Commissioner, Mr Philip Moss, or on his behalf by ACLEI staff members:

PUBLISHED ARTICLES	
<i>The fragile global economy will test our staff's integrity</i> – abridged version of the Integrity Commissioner's address to the International Anti-Corruption Day Forum in December 2011, published in <i>The Canberra Times</i> ' supplement, <i>The Public Sector Informant</i>	7 February 2012
PUBLIC PRESENTATIONS	
<i>A "3D" view of anti-corruption agencies</i> Australian Public Sector Anti-Corruption Conference, Fremantle, Western Australia – available in full on ACLEI's website: <a href="http://www.aclei.gov.au">www.aclei.gov.au</a>	16 November 2011
<i>Corruption trends and issues in the 21st century—where to from here?</i> International Anti-Corruption Day Forum, hosted by the Attorney-General's Department – available in full on ACLEI's website: <a href="http://www.aclei.gov.au">www.aclei.gov.au</a>	9 December 2011
GOVERNMENT AUDIENCES	
<i>Corruption indicators and interventions</i> Commonwealth Government Agencies Fraud Liaison Forum, hosted by the Attorney-General's Department	11 April 2012*
ACADEMIC AND SPECIAL INTEREST AUDIENCES	
<i>Establishing and leading an anti-corruption agency</i> Australian National University, Crawford School of Public Policy, Corruption and Anti-Corruption course for postgraduate students	20 September 2011
<i>Anti-corruption theory and practice</i> Australian National University, Crawford School of Public Policy, Corruption and Anti-Corruption course for postgraduate students	21 September 2011*
<i>The international dimension of corruption</i> Australian National University, Crawford School of Public Policy, Corruption and Anti-Corruption course for postgraduate students (panel)	21 September 2011*
<i>Corruption challenges, precursors and intervention strategies</i> Inter-agency Integrity Investigators Program, hosted by the AFP (panel)	9 February 2012
<i>Corruption prevention measures: where do they fit in?</i> University of Wollongong, Graduate Certificate Integrity Studies	13 March 2012*

Agencies in the Integrity Commissioner's jurisdiction—awareness-raising presentations:

THE AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE	
Customs Marine Enforcement Officer recruits	19 October 2011*
Customs and Border Protection 2012 Graduate Program	8 February 2012*
<i>Managing ethics and integrity in investigation environments</i>	20 June 2012*
Customs and Border Protection Enforcement and Investigations Division, Diploma of Government (Investigations)	
THE AUSTRALIAN FEDERAL POLICE	
AFP Professional Standards induction program	5 occasions*
ACT Policing, Executive Steering Committee	21 October 2011
AFP International Deployment Group, Afghanistan pre-deployment training	15 March 2012*
<i>The manager's role in corruption control</i>	12 April 2012
ACT Policing, joint AFP/ACLEI corruption risk workshop	
<i>The important role of supporting professional reporting</i>	23 May 2012
AFP Confidant Network	

\*Presentations marked with an asterisk were made on behalf of the Integrity Commissioner by the Executive Director or other ACLEI staff



## 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 2010 to 30 June 2011.
4. Statistics from 2010–11 relating to Customs and Border Protection are for the six-month period from 1 January 2011—when the agency was added to the Integrity Commissioner's jurisdiction—to 30 June 2011.
5. 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 2011–12.

### Regulation 17(a), (b) and (c)

Type and number of corruption issues received during 2011–12, by corruption class, as assessed upon receipt

	ACC	ACBPS	AFP	TOTAL
Abuse of office [s 6(1)(a)]	7 (5)	29 (17)	32 (19)	68 (41)
Pervert the course of justice [s 6(1)(b)]	0 (0)	0 (0)	2 (0)	2 (0)
Corruption of any other kind [s 6(1)(c)]	1 (0)	0 (3)	2 (2)	3 (5)
<b>Total</b>	<b>8 (5)</b>	<b>29 (20)</b>	<b>36 (21)</b>	<b>73 (46)</b>

### 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)]	0 (1)	0 (6)	6 (6)	6 (13)
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)]	3 (0)	3 (2)	1 (4)	7 (6)
After further assessment, did not raise a corruption issue within the meaning of the LEIC Act	0 (1)	0 (0)	0 (1)	0 (2)
<b>Total</b>	<b>3 (2)</b>	<b>3 (8)</b>	<b>7 (11)</b>	<b>13 (21)</b>

## 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)
<b>Total</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>0 (0)</b>

## 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)	1 (0)	2 (0)	3 (0)
Investigations undertaken by the AFP and overseen by ACLEI [s 26(1)(c)(ii)]	0 (0)	0 (0)	N/A	0 (0)
<b>Total</b>	<b>0 (0)</b>	<b>1 (0)</b>	<b>2 (0)</b>	<b>3 (0)</b>

## Other ways by which section 19 notifications were dealt with

	ACC	ACBPS	AFP	TOTAL
ACLEI investigation [s 26(1)(a)]	1 (1)	0 (0)	1 (1)	2 (2)
Joint investigation [s 26(2)]	0 (1)	0 (6)	1 (0)	1 (7)
Unsupervised investigation conducted by referring agency [s 26 (1)(b)(iii)]	0 (1)	20 (3)	13 (6)	33 (10)
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	4 (0)	5 (3)	12 (3)	21 (6)
<b>Total</b>	<b>5 (3)</b>	<b>25 (12)</b>	<b>27 (10)</b>	<b>57 (25)</b>

## 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 2011–12.

### Regulation 18(a), (b) and (c)

Type and number of corruption issues received during 2011–12, by corruption class, as assessed upon receipt

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Abuse of office [s 6(1)(a)]	1 (8)	13 (3)	20 (21)	0 (0)	34 (32)
Pervert the course of justice [s 6(1)(b)]	0 (0)	0 (0)	2 (5)	0 (0)	2 (5)
Corruption of any other kind [s 6(1)(c)]	0 (1)	1 (0)	1 (6)	0 (0)	2 (7)
<b>Total</b>	<b>1 (9)</b>	<b>14 (3)</b>	<b>23 (32)</b>	<b>0 (0)</b>	<b>38 (44)</b>

### 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 (1)	0 (0)	0 (1)
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)]	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Investigation not warranted in all the circumstances [s 31(4)(e)]	0 (5)	2 (1)	3 (10)	0 (0)	5 (16)
After further assessment, did not raise a corruption issue within the meaning of the LEIC Act	0 (4)	2 (1)	8 (11)	0 (0)	10 (16)
<b>Total</b>	<b>0 (9)</b>	<b>4 (2)</b>	<b>11 (22)</b>	<b>0 (0)</b>	<b>15 (33)</b>

## Other ways that section 18 and 23 referrals were dealt with

Investigations managed by the 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)
<b>Total</b>	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>

Investigations overseen by the 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)
<b>Total</b>	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>

Other methods of handling

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
ACLEI investigation [s 26(1)(a)]	0 (0)	1 (0)	0 (4)	0 (0)	1 (4)
Joint investigation [s 26(2)]	0 (0)	3 (0)	0 (1)	0 (0)	3 (1)
Unsupervised investigation conducted by agency subject of referral [s 26(1)(b)(iii)]	0 (0)	4 (0)	2 (2)	0 (0)	6 (2)
Unsupervised investigation conducted by the AFP [s 26(1)(c)(iii)]	0 (0)	0 (0)	N/A	0 (0)	0 (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	1 (0)	2 (1)	10 (3)	0 (0)	13 (4)
<b>Total</b>	1 (0)	10 (1)	12 (10)	0 (0)	<b>23 (11)</b>

## REGULATION 19

Integrity Commissioner-initiated corruption issues [s38] dealt with or in progress during 2011–12

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Corruption of any other kind [s 6(1)(c)]	0 (0)	0 (0)	3 (1)	0 (0)	<b>3 (1)</b>

## 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 2011–12 (including joint investigations and investigations carried forward from previous years)

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
<b>INVESTIGATIONS COMMENCED DURING 2011–12</b>					
Abuse of office [s 6(1)(a)]	0	5	4	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
<b>Subtotal</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>10</b>
<b>INVESTIGATIONS COMMENCED DURING 2010–11 AND ACTIVE IN 2011–12</b>					
Abuse of office [s 6(1)(a)]	1	6	3	0	10
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
<b>Subtotal</b>	<b>1</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>11</b>
<b>INVESTIGATIONS COMMENCED DURING 2009–10 AND ACTIVE IN 2011–12</b>					
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	1	0	1
Corruption of any other kind [s 6(1)(c)]	1	N/A	3	0	4
<b>Subtotal</b>	<b>1</b>	<b>N/A</b>	<b>5</b>	<b>0</b>	<b>6</b>

INVESTIGATIONS COMMENCED DURING 2008–09 AND ACTIVE IN 2011–12					
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	1	0	1
<b>Subtotal</b>	1	N/A	1	0	2
<b>Total</b>	4	11	14	0	<b>29</b>

## Regulation 20(b)

Investigations concluded during 2011–12

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Investigations completed by the Integrity Commissioner during 2010–11 (reports to the Minister)	0 (0)	0 (0)	2* (3)	0 (0)	2 (3)
Investigations discontinued after reconsideration [s 42]	1 (6)	1 (0)	3 (6)	0 (0)	5 (12)
<b>Total</b>	1 (6)	1 (0)	5 (9)	0 (0)	<b>7 (15)</b>

\*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 2011–12

	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)
<b>Total</b>	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>

**Regulation 21(c) and (d)**

Type and number of corruption issues that were referred to a government agency for investigation during 2011–12

	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)
<b>Total</b>	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>

**Regulation 21(b)**

Number of government agency investigations completed during 2011–12

	ACC	ACBPS	AFP	FORMER NCA	TOTAL
Completed investigations	0 (0)	0 (0)	0 (0)	0 (0)	<b>0 (0)</b>

**REGULATION 22**

Part 12 of the LEIC Act includes provisions 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 2011–12

	INVESTIGATED BY		TOTAL
	INTEGRITY COMMISSIONER	SPECIAL INVESTIGATOR	
Abuse of office [s 6(3)(a)]	0 (0)	2 (0)	2 (0)
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)
<b>Total</b>	0 (0)	2 (0)	<b>2 (0)</b>

**Regulation 22(b)**

Investigations of ACLEI corruption issues completed during 2011–12

	TOTAL
Investigations completed during 2011–12 (reports to the Minister)	<b>2 (0)</b>





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 2011–12	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 agency practices and procedures or ACLEI's strategic environment. These matters are reported below.

### DEVELOPMENTS IN THE INTEGRITY FRAMEWORK

Developments in State, national and international integrity arrangements can affect the framework within which ACLEI operates—for instance, community awareness about corruption and how 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.

#### National Anti-Corruption Plan

In September 2011, the Australian Government announced its intention to develop and implement Australia's first National Anti-Corruption Plan. The objective of the Plan is to strengthen Australia's existing governance arrangements by developing a whole-of-government policy on anti-corruption. The Plan will examine Australia's anti-corruption measures in the context of emerging threats.

The development of the Plan was still underway at the end of the reporting period. More information about the National Anti-Corruption Plan—including a discussion paper and consultation process—can be found on the Attorney-General's Department's website under [www.ag.gov.au/anticorruptionplan](http://www.ag.gov.au/anticorruptionplan).

#### National Integrity Commissioner Bill 2012

On 28 May 2012, Mr Adam Bandt MP introduced into the Parliament the National Integrity Commissioner Bill 2012.

The Bill proposes to establish a National Integrity Commission as an independent statutory agency to investigate and prevent misconduct and corruption in all Commonwealth departments and agencies, and in relation to federal parliamentarians and their staff. The Bill would also establish an Independent Parliamentary Adviser to provide independent advice to ministers and parliamentarians on conduct, matters of propriety and ethical standards.

The Bill was referred to the House Standing Committee on Social Policy and Legal Affairs on 31 May 2012.

#### Public Service Amendment Bill 2012

The Public Service Amendment Bill 2012 was introduced in the Parliament on 1 March 2012. The Bill amends the *Public Service Act 1999* to revise the Australian Public Service (APS) values and clarify the roles and functions of the Australian Public Service Commissioner (including in relation to Code of Conduct inquiries).

## Judicial complaints

On 22 March 2012, the Senate jointly referred the Courts Legislation Amendment (Judicial Complaints) Bill 2012 and the Judicial Misbehaviour and Incapacity (Parliamentary Commissions) Bill 2012 for inquiry and report by the Senate Legal and Constitutional Affairs Committee. In combination, the Bills aim to establish a framework for the management of complaints or allegations of misbehaviour or incapacity concerning Commonwealth judicial officers.

At the close of the reporting period, the Committee was still considering the issues raised during the Inquiry.

## Victoria's integrity arrangements

In November 2010, the Victorian State Government announced its intention to establish an independent broad-based anti-corruption commission for Victoria.

In 2011–12, the Victorian Government introduced three sets of legislation to create the Independent Broad-based Anti-corruption Commission (IBAC). The *Independent Broad-based Anti-corruption Commission Act 2011* provides for the creation of a public sector-wide anti-corruption commission for Victoria, establishes the role of the IBAC Commissioner and a Joint House Committee to oversee IBAC and provides for IBAC's educational and corruption prevention functions. The Victorian Parliament passed two further IBAC Acts during the year, providing IBAC with investigative functions, coercive and intrusive information-gathering powers, and referral powers.

As IBAC will eventually replace the existing Office of Police Integrity (OPI), Mr Ron Bonighton AM was appointed as both Acting Director of OPI and Acting IBAC Commissioner to manage the transition process and to establish IBAC's operations.

Victoria's Independent Broad-based Anti-corruption Commission commenced on 1 July 2012.

## South Australia's integrity arrangements

In October 2011, the Premier of South Australia announced his Government's intention to establish an independent commission against corruption for South Australia.

The Independent Commissioner Against Corruption Bill 2012 was introduced in the South Australian Parliament on 2 May 2012. If passed, the Bill would establish the Independent Commissioner Against Corruption (ICAC) and an Office of Public Integrity, responsible to the Commissioner.

The primary object of the ICAC would be to identify and investigate serious or systemic criminal corruption in public administration, and to refer or deal with serious or systemic misconduct or maladministration. The Bill provides for a suite of coercive and intrusive information-gathering powers to support the ICAC's investigations and for a prevention and education function. The Office of Public Integrity would complement existing complaint mechanisms by receiving and assessing complaints and reports about public administration and referring them to an appropriate authority.

### ***Telecommunications Interception and Other Legislation Amendment (State Bodies) Act 2012***

The *Telecommunications Interception and Other Legislation Amendment (State Bodies) Act 2012* received Royal Assent on 27 June 2012. The Act supports the newly-established Victorian IBAC and proposed South Australian ICAC by amending the *Telecommunications (Interception and Access) Act 1979* to enable the IBAC and the ICAC to use and communicate existing intercepted information. In addition, the Act amends the *Crimes Act 1914*, the *Privacy Act 1988* and the *Taxation Administration Act 1953* to allow the IBAC to access and disclose information for investigative purposes.

## **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 2011–12 financial year, the Government announced or implemented a number of measures and reforms affecting the law enforcement operating environment. Some of these measures are listed here.

- > In June 2012, agreements were reached with State and Territory Governments for major reforms to tackle the illegal firearms market in Australia. As part of this reform, the ACC, Customs and Border Protection and the AFP will undertake a joint assessment of vulnerabilities relating to the importation of illegal firearms.
- > In May 2012, the Government announced its intention to introduce legislation to strengthen the Maritime Security Identification Card and Aviation Security Identification Card schemes.
- > Also in May 2012, the Minister for Home Affairs and Justice announced that the Federal Government would establish new taskforces to target organised crime on the waterfront in Melbourne and Brisbane. These taskforces will be similar to the multi-agency Taskforce Polaris which investigates organised crime on the Sydney waterfront and—as is the case with Taskforce Polaris—are expected to include the ACC, Customs and Border Protection and the AFP.
- > During the year, the AFP assumed increased responsibilities for policing and security at ten major airports across Australia.
- > The *Crimes Legislation Amendment (Powers and Offences) Act 2012*, which commenced on 5 April 2012, amends the *Australian Crime Commission Act 2002* to enable the ACC to share and disclose information with a broader class of recipients, for the purpose of combating serious and organised crime.
- > The *Extradition and Mutual Assistance in Criminal Matters Legislation Amendment Act 2011* received Royal Assent on 20 March 2012. The Act introduced amendments to make it easier for law enforcement agencies to work with partner agencies in other countries.
- > In May 2012, Australia and New Zealand signed a memorandum of understanding to conduct a six-month trial to facilitate the sharing of criminal history checks, commencing in July 2012.

## DEVELOPMENTS IN ACLEI'S OPERATING ENVIRONMENT

Some developments in legislation and government policy can have a direct impact on ACLEI. Relevant changes (and proposed changes) are set out in this section.

### Integrity testing

On 30 March 2012, the Minister for Home Affairs and Minister for Justice, the Hon. Jason Clare MP, announced that the Federal Government would introduce legislation to conduct targeted integrity tests on staff members of the ACC, Customs and Border Protection and the AFP who are suspected of corrupt conduct. Draft legislation is expected to be introduced in the latter half of 2012. (The Law Enforcement Integrity Legislation Amendment Bill 2012 was introduced in the Parliament on 19 September 2012.)

This measure responds to a recommendation by the Parliamentary Joint Committee on ACLEI in its report into the *Inquiry into integrity testing*, described in Chapter 4—*Strengthening integrity systems*.

### Measures to strengthen corruption resistance

On 28 April 2012, the Minister for Home Affairs and Justice announced a further series of reforms to strengthen the law enforcement integrity framework, namely:

- > the extension of the LEIC Act jurisdiction to include the Australian Transaction Reports and Analysis Centre (AUSTRAC), the CrimTrac Agency and the Biosecurity aspects of the Department of Agriculture, Fisheries and Forestry (formerly known as the Australian Quarantine and Inspection Service); and
- > legislation to strengthen further the integrity arrangements of Customs and Border Protection, in line with arrangements already in place in the ACC and the AFP:
  - introducing mandatory reporting requirements for all Customs and Border Protection staff;
  - providing the Chief Executive Officer with the power to make an order declaring that the termination of an employee was for serious misconduct; and
  - authorising drug and alcohol testing of staff.

The Law Enforcement Integrity Legislation Amendment Bill 2012 was introduced in the Parliament on 19 September 2012.

### Surveillance capability enhancement pilot project

On 13 December 2011, the then Minister for Home Affairs and Justice, the Hon. Brendan O'Connor MP, announced the allocation of \$2.56 million—funded from criminal assets confiscated under the *Proceeds of Crime Act 2002*—to set up a pilot surveillance capability for ACLEI, in partnership with the ACC. The Pilot—to be reviewed after two years—will provide a dedicated physical surveillance capability to support investigations conducted under the LEIC Act.

### ***Crimes Legislation Amendment Act (No. 2) 2011***

This enactment gives effect to the Government's decision to provide the Integrity Commissioner with jurisdiction of the Australian Customs and Border Protection Service on a whole-of-agency basis, and to authorise the lawful disclosure of protected information under the *Customs Administration Act 1985*, for the purposes of the LEIC Act. These amendments respond to recommendations of the Parliamentary Joint Committee on ACLEI and commenced on 6 December 2011.

Jurisdiction over the law enforcement functions of Customs and Border Protection was initially extended by the Law Enforcement Integrity Commissioner Amendment Regulations 2010 (No. 1).

### ***Crimes Legislation Amendment (Powers and Offences) Act 2012***

Schedule 4 of this Act amended the LEIC Act, to:

- > provide the Integrity Commissioner with the authority to apply to the Federal Court of Australia, or to the Supreme Court of a State or Territory, for an uncooperative witness, or other person who engages in contemptuous conduct in relation to an information-gathering hearing, to be dealt with in that court;
- > remove the requirement for a person who is providing evidence to a coercive hearing to first claim an indemnity before being entitled to the privilege against self-incrimination in respect of any criminal proceedings;
- > introduce a non-disclosure regime in relation to notices to produce, in line with the regime that already existed for summonses and information-gathering hearings (this change gives effect to a suggestion made by the Parliamentary Joint Committee on ACLEI in its report into the *Examination of the Annual Report of the Integrity Commissioner 2008–2009*, tabled in May 2010);
- > introduce measures to improve and simplify the administration of notices to produce and summonses, including the introduction of a threshold for their issue;
- > clarify the application of legal professional privilege to information and documents provided to ACLEI in the public interest;
- > allow a warrant for the arrest of an absconding witness issued to an ACLEI authorised officer to be executed by a nominated authorised officer other than the officer who applied for the warrant;
- > clarify the use of force, and what items can be seized, when executing search warrants issued by a judge or magistrate under the LEIC Act; and
- > make other minor drafting corrections to the LEIC Act.

Schedule 9 of the Bill extended the total term for which a person may be appointed as Integrity Commissioner from five to seven years. This measure arose from a recommendation by the Parliamentary Joint Committee on ACLEI.

These amendments commenced on 5 April 2012.

## RELEVANT DECISIONS OF COURTS AND ADMINISTRATIVE TRIBUNALS

Case law affects 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>Australian Crime Commission v Stoddart</i> [2011] HCA 47	<p>On appeal from <i>Stoddart v Boulton</i> [2010] FCAFC 89, the High Court of Australia held that no privilege against spousal incrimination exists at common law.</p> <p>This decision has clarified that witnesses before authorities with coercive information-gathering powers cannot refuse to answer questions that might incriminate their spouse on the ground that applicable legislation (such as s 96 of the LEIC Act) abrogates the privilege against self-incrimination, but makes no reference to spousal incrimination.</p>
<i>Allen v Corruption and Crime Commission of Western Australia</i> [2011] WASC 327	<p>This case illustrates the limits to the protection provided to ACLEI staff by s 211 (ACLEI staff generally not compellable in court proceedings) and s 222 (Immunity from civil proceedings) of the LEIC Act.</p> <p>The West Australian Supreme Court held that, despite s 152 and s 149 of the <i>Corruption and Crime Commission Act 2003</i> (WA), which correspond to s 211 and s 222(1) of the LEIC Act, the Corruption and Crime Commission could be required to make pre-trial discovery to a plaintiff reasonably considering whether he would have a cause of action in negligence or for misfeasance in public office.</p> <p>Immunity from civil proceedings for acts done in good faith required more than a mere absence of bad faith and merely listing relevant documents would not necessarily disclose protected information contained in them, provided interrogatories were appropriately designed.</p>
<i>R v Seller and McCarthy</i> [2012] NSWSC 934	<p>This case, which was decided in 2012–13, 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>The case will inform ACLEI’s approach to using coercive means to gather information.</p>



## PART SIX

### Aids to access

Acronyms used in this report

Glossary

Compliance index

Alphabetical index



# ACRONYMS USED IN THIS REPORT

<b>ACBPS</b>	Australian Customs and Border Protection Service (in tables)
<b>ACC</b>	Australian Crime Commission
<b>ACLEI</b>	Australian Commission for Law Enforcement Integrity
<b>ACT</b>	Australian Capital Territory
<b>ACT Policing</b>	Australian Capital Territory Policing
<b>ADJR Act</b>	Administrative Decisions (Judicial Review) Act 1977
<b>AFP</b>	Australian Federal Police
<b>AFPA</b>	Australian Federal Police Association
<b>AIPJ</b>	Australia-Indonesia Partnership for Justice
<b>AM</b>	Member of the Order of Australia
<b>ANAO</b>	Australian National Audit Office
<b>AO</b>	Officer of the Order of Australia
<b>APS</b>	Australian Public Service
<b>APSACC</b>	Australian Public Sector Anti-Corruption Conference
<b>AusAID</b>	Australian Agency for International Development
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre
<b>CEIs</b>	Chief Executive's Instructions
<b>CEO</b>	Chief Executive Officer
<b>DAFF Biosecurity</b>	the Biosecurity aspects of the Department of Agriculture, Fisheries and Forestry, formerly known as the Australian Quarantine and Inspection Service
<b>EL</b>	Executive Level
<b>FMA Act</b>	<i>Financial Management and Accountability Act 1997</i>
<b>FOI</b>	Freedom of Information (as in FOI Act)
<b>GST</b>	Goods and Services Tax
<b>HSMA</b>	Health and Safety Management Arrangements
<b>IACA</b>	International Anti-Corruption Academy
<b>IBAC</b>	Independent Broad-based Anti-corruption Commission (Victoria)
<b>ICAC</b>	Independent Commission Against Corruption (New South Wales)
<b>ICAC</b>	Independent Commissioner Against Corruption (South Australia)
<b>ICT</b>	Information and Communications Technology
<b>IIIP</b>	Inter-agency Integrity Investigators Program
<b>IPS</b>	Information Publication Scheme
<b>I&amp;PS</b>	Customs and Border Protection Integrity and Professional Standards

<b>KPI</b>	Key Performance Indicator
<b>KPK</b>	Komisi Pemberantasan Korupsi—Corruption Eradication Commission of the Republic of Indonesia
<b>LEIC Act</b>	<i>Law Enforcement Integrity Commissioner Act 2006</i>
<b>LEIC Regulations</b>	Law Enforcement Integrity Commissioner Regulations 2006
<b>NAA</b>	National Archives of Australia
<b>NAIDOC</b>	National Aborigines and Islanders Day Observance Committee
<b>NCA</b>	[former] National Crime Authority
<b>OOJ</b>	Out of [ACLEI's] jurisdiction
<b>PBS</b>	Portfolio Budget Statements
<b>PPI</b>	Program for Performance Improvement
<b>PRS</b>	AFP Professional Standards
<b>PSM</b>	Public Service Medal
<b>SES</b>	Senior Executive Service
<b>TIA Act</b>	<i>Telecommunications (Interception and Access) Act 1979</i>
<b>UN</b>	United Nations
<b>UNCAC</b>	United Nations Convention against Corruption
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>WHS</b>	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
<b>Common integrity platform</b>	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.
<b>Corruption handshake</b>	The potential relationship between organised crime and a corrupt or compromised law enforcement official.
<b>Corruption issue</b>	<p>A corruption issue arises when the Integrity Commissioner becomes aware of information that a person who is (or has been) a staff member of a 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>
<b>Displacement</b> (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 new entry points to gain the information or advantage they require.
<b>Front-line of corruption control</b>	Managers and supervisors who work in high corruption-risk settings are well-placed to observe the signs that corrupt conduct may be occurring and to exercise control over the working environment. Accordingly, each has a critical role in protecting the integrity of the agency by identifying and reporting corrupt conduct, and by minimising opportunities for it to occur undetected. To fulfil this role, managers and supervisors require a high awareness of corruption risk and of the indicators of corrupt conduct.
<b>Green-lighting</b>	In the law enforcement context, ‘green-lighting’ occurs if a corrupt or compromised official informs criminals when or where it would be safe to undertake illicit activity without fear of detection.

TERM	MEANING
<b>Informant</b>	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.
<b>Law enforcement agency</b>	An agency which is subject to the Integrity Commissioner's jurisdiction. Presently, these agencies are the ACC, Customs and Border Protection, the AFP, and the former National Crime Authority. Other agencies may be added by regulation.  The term 'law enforcement agency' is defined in section 5 of the LEIC Act.
<b>Leaks / Leaking</b>	The unsanctioned disclosure of official or sensitive information to people who are not authorised to receive it.
<b>Notification</b> (of a corruption issue to the Integrity Commissioner)	A corruption issue is 'notified' when an allegation or information concerning an agency in the Integrity Commissioner's jurisdiction comes from the head of that agency (see section 19 of the LEIC Act).
<b>Referral</b> (of a corruption issue to the Integrity Commissioner)	A corruption issue is 'referred' when an allegation or information comes from any source—including the Minister—other than as a 'notification' from the head of an agency in the Integrity Commissioner's jurisdiction (see sections 18 and 23 of the LEIC Act).
<b>Tip-off</b>	When a corrupt or compromised official warns criminals of current or planned law enforcement activity—for example surveillance, inspections or searches.
<b>Two-level approach</b>	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 2012) and the Law Enforcement Integrity Commissioner Act and Regulations.

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