

# **PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION**

**ANNUAL REPORT  
2019-2020**



**PARLIAMENTARY INSPECTOR  
OF THE  
CORRUPTION AND CRIME COMMISSION**

**ANNUAL REPORT  
2019-20**

**TO: The Parliament of Western Australia**

We present the Annual Report for the year ending 30 June 2020 pursuant to section 203 of the *Corruption, Crime and Misconduct Act 2003 (WA)*.



**MATTHEW HOWARD SC  
A/PARLIAMENTARY INSPECTOR**



**THE HON JOHN CHANEY SC  
A/PARLIAMENTARY INSPECTOR**

## THIS REPORT

This Annual Report is made pursuant to section 203 of the *Corruption, Crime and Misconduct Act 2003* (WA) (the Act) and deals with the Office's activities generally during the 2019-2020 year.

### THE OFFICE OF PARLIAMENTARY INSPECTOR

The primary responsibilities of the Parliamentary Inspector as an officer of the Parliament of Western Australia are:

- to oversee the activities of the Commission and its officers;
- to keep the Parliament informed of material issues concerning the operation of the Commission;
- to deal with misconduct on the part of the Commission and its officers;
- to assess the effectiveness and appropriateness of the Commission's procedures;
- to keep the Parliament informed about problems concerning the exercise of my functions and powers under the Act, and
- to assist the Joint Standing Committee to perform its functions.

There have been several changes in the Office during the reporting period.

The former Parliamentary Inspector, the Honourable Michael Murray AM QC, retired during the reporting period on 31 March 2020 and has since passed away.

The Office acknowledges his passing with deep sadness. Mr Murray's contribution to the law and the public sector in Western Australia was exceptional, and in particular the Office pays tribute to him for his time as Parliamentary Inspector, a role he held for just over seven years. Appointed in 2013, Mr Murray worked tirelessly to ensure that the Commission was appropriately scrutinised in accordance with the *Corruption, Crime and Misconduct Act 2003* and that the Parliament was kept informed of his work in this regard. While Mr Murray worked constructively and cooperatively with the Commission, he served the Parliament of Western Australia without fear or favour and tabled many notable reports which detailed concerns about the Commission's operations or decisions and flaws in the Act itself. The Acting Parliamentary Inspectors reiterate their gratitude for all of Mr Murray's work and extend their deepest condolences to his family.

Mr Murray Alder, who very ably filled the role of the Parliamentary Inspector's professional Assistant from February 2008, resigned on 19 September 2019 and the Office is extremely grateful for his years of dedicated service. Mr Malcolm Bradshaw, who succeeded Mr Alder, commenced as Assistant on 8 October 2019 and took extended sick leave on 23 January 2020.

A new Parliamentary Inspector has not yet been appointed.

The Office is served by two Acting Parliamentary Inspectors, the Hon John Chaney SC and Mr Matthew Howard SC.

The role of Assistant has been fulfilled on a part time basis via a secondment from the Department of Justice since 18 March 2020.

## THE WORKLOAD OF THE OFFICE

The Office of the Parliamentary Inspector undertook 57 new matters during the reporting period and finalised 57 matters. During the previous reporting period, the office undertook 65 matters and finalised 57 matters. A total of 47 of the finalised matters were commenced in the reporting period and 10 were from the previous reporting period.

As noted above, the 2019-2020 financial year was a period of change in the composition of the Office, due to the departure of key personnel. Detailed records of the time expended on the Office's audit function as distinct from its investigation function were not kept between October 2019 and March 2020. This affected the Key Performance Indicators (KPIs) for the 2019-2020 financial year and accordingly the Office of the Auditor General has recorded a qualified opinion in respect of the KPIs only.

The gap in the records was not systemic in nature but resulted from the departures of key personnel. Further, once the issue was discovered it was immediately rectified. Since April 2020, detailed records of the time allocated to the audit function have been maintained as per the Office's usual practice.

The figures below as to the percentage of the Office's work allocated to its audit and investigation functions are based on the figures maintained during the remaining six months of the financial year (July-September 2019 and April-June 2020).

### The investigative work undertaken

On the basis of the existing records, 87% of the work of the Office of the Parliamentary Inspector was devoted to its investigation function. The nature and the number of matters undertaken by the office were:

- Allegations made against a Commission officer received by the Commission, about which the Parliamentary Inspector's office was notified, in accordance with a protocol agreed between the two agencies, under section 196(4) of the Act, numbered 8 (3 fewer than the previous reporting period).

Two of the matters referred to the Parliamentary Inspector's office by the Commission related to allegations about an officer's conduct prior to their time at the Commission. These matters were therefore beyond the Parliamentary Inspector's remit and were not investigated by the office.

Relevantly, the Parliamentary Inspector's inability to deal with allegations of misconduct on the part of the Commission's officers prior to their employment at the Commission was previously raised in a 2018 report entitled *Misconduct alleged by Public Officers who subsequently become Officers of the Corruption and Crime Commission*. The report observed that the Parliamentary Inspector's capacity was limited to dealing with matters of misconduct by Commission officers acting as such and characterised this as a flaw in the *Corruption Crime and Misconduct Act 2003*. Accordingly, the report proposed that the Act be amended to allow the Parliamentary Inspector to deal with matters of misconduct on the part of a person who later becomes an officer of the Commission.

- Complaints about some aspect of the Commission's assessment of complaints of misconduct to it numbered 33 (3 more than during the previous period). The majority of these complaints were made as a result of a complainant's dissatisfaction with the conclusion reached by the Commission that it had been unable to form a reasonable suspicion of serious misconduct.
- Issues referred to the Parliamentary Inspector's office by the Joint Standing Committee under section 195(2)(d) of the Act numbered two (one more than the previous reporting period). In both cases, the office obtained access to the Commission's files relating to the relevant complaints as part of its investigation function. Both investigations remained on foot at the end of the 2019-2020 financial year. The Committee also wrote to the Parliamentary Inspector to seek information on a complaint it had received, and the office responded to this letter.
- A submission was provided to the Joint Standing Committee's *Inquiry into the Western Australian Corruption and Crime Commission's oversight of police misconduct investigations, particularly allegations of excessive use of force* on 9 January 2020. At the Committee's request, additional information was provided on 20 July 2020.
- There was one matter referred to the Parliamentary Inspector's office by another Parliamentary Committee. On 22 October 2019 the Legislative Council's Standing Committee on Legislation invited the then Parliamentary Inspector to provide a submission on the Criminal Procedure Amendment (Trial by Judge Alone) Bill 2017. A written submission was provided on 29 November 2019.
- Miscellaneous matters numbered 10. These include matters which were determined after preliminary investigation to be outside the Parliamentary Inspector's jurisdiction, such as matters where a complainant had a number of concerns regarding the operations of the justice system, but had not made a complaint to the Commission.

## **The audit work undertaken**

The office of the Parliamentary Inspector audits the operation of the Act, the Commission's operations to determine if they comply with the laws of the State, and the Commission's operations conducted under the Act. These audits are conducted in two principal ways: in the assessment and investigation of complaints made about Commission activities, and when the office audits the Commission's records on a quarterly basis.

During the last financial year 13% of the office's work was devoted to its audit function, as compared with 37% during the 2018-2019 financial year. The decrease from the previous financial year can be attributed to the contracted six month period used to calculate the proportion of the Office's workload devoted to its functions. In particular, during the months from April to June 2020 no quarterly audits were carried out. This is because when the quarterly audit for the January-March period fell due in April it was determined not to carry it out at that time and to instead wait for a new Parliamentary Inspector to be appointed and to carry out the quarterly audit. Ultimately, the quarterly audit for the January-March 2020 period was carried out in July 2020, together with the April-June 2020 quarterly audit. This will be reflected in the Annual Report for the 2020-2021 financial year.



## Reports tabled with the Parliament or the Joint Standing Committee

One report was tabled with the Joint Standing Committee during the reporting period.

This report, titled “An Unreasonable Suspicion”, was tabled on 24 October 2019. It related to Mr Martin, who was ‘wrongfully arrested by police officers when suspected of behaving in a manner which did not constitute the offence of possession of child exploitation material, or any offence at all; wrongfully deprived of his liberty for an appreciable period; wrongfully and forcibly fingerprinted; wrongfully prosecuted for refusing to provide his personal details to the police; convicted, fined and ordered to pay costs; and...should...be provided with such remedies as are in the power of the State to afford him’.

The report recommended that the Committee place the matter before the Government and the Attorney General for the State to support an application for leave to appeal by Mr Martin against his conviction and sentence, should he wish to do so. Alternatively, the report recommended that –

- The Attorney General should advise the Executive Council to issue a pardon in respect of the conviction and sentence, the effect of which is set out in section 138 of the *Sentencing Act 1995*
- The conviction should be expunged from the record
- The fine and costs should be repaid
- Mr Martin should receive an apology for what has occurred.

The report also noted that the then Parliamentary Inspector had not consulted Mr Martin with respect to the report, its assessment or its recommendations, and that it was not concerned with any private interest he may have to seek monetary compensation.

The Joint Standing Committee recommended that the Attorney General give consideration to the matters raised in the report. The Attorney General tabled the Government’s response on 13 February 2020 (Tabled Paper 3600), which reads in part:

I consider that any questions relating to that issue, and Mr Martin's conviction, are appropriately matters to be determined by the Supreme Court, if he decides to seek an extension of time from the Court in which to appeal his conviction and sentence. It would be premature for me to consider whether to advise the Governor in Executive Council that the Royal Prerogative of Mercy should be exercised in Mr Martin's favour when the possibility remains open for him to pursue an appeal. I also note the Parliamentary Inspector's important observation that he did not consult Mr Martin with respect to his report, assessment or recommendations. Mr Martin should have the opportunity to consider what, if anything, he wishes to do in relation to the matters which the Parliamentary Inspector has raised. Accordingly, I have written to Mr Martin.

At the time of writing, the office is not aware of any resolution to the issue.

## General issues

### *The Commission's written explanations of its assessments*

The former Parliamentary Inspector, the Hon Michael Murray AM QC commented on previous occasions, including in the 2018-2019 Annual Report, about the importance of the Commission's written explanations to complainants of the reason(s) why a complaint will not be investigated by it, or will not be referred by it to the public sector agency involved for its internal investigation.

These communications form part of the Commission's serious misconduct function, and it is important for complainants to be given detailed reasons that help them understand the nature and limits of the Commission's jurisdiction and its discretionary powers under the Act to investigate complaints made to it.

As noted by the former Parliamentary Inspector, a number of complaints received by the office come from complainants who have received brief letters from the Commission advising that no further action will be taken. It is often necessary to investigate these complaints, although in most cases they do not activate the jurisdiction of the Parliamentary Inspector to take the matter back to the Commission with remedial recommendations.

The former Parliamentary Inspector noted in the previous Annual Report that his role in providing detailed responses to complainants was a by-product of the Commission not providing detailed explanations for its assessments to complainants in the first instance, and suggested that it would seem to indicate that the Commission's efforts to make systemic and permanent improvements to this aspect of its assessment process requires further review.

These observations remain pertinent.

### *Auditing of the Commission's records*

Between 2008 and 2018 the Office of the Parliamentary Inspector conducted audits of the Commission's operational and related documents on a quarterly basis by having the Parliamentary Inspector's professional assistant attend the Commission to examine the documents and maintain audit-related statistics.

The Parliamentary Inspector's audit function and powers under the Act in this regard have been supported by informal agreement between the office of the Parliamentary Inspector and the Commission as to attendance, the provision of further Commission documentation to support the audit process when requested, explanation of anomalies and, when appropriate and necessary, the photocopying of documents for further examination either in respect of the audit function or other functions.

In March 2018 the then Parliamentary Inspector requested the Commission to instead deliver its auditable documents to the office to enable him to call upon the office's own resources to more effectively conduct the process. The Commission's auditable documents are ordinarily contained in a single, easily-carried folder and their movement is not onerous.

This request has continued to be honoured and the office acknowledges the ongoing value of the agreement entered into with the Commission in this regard. The office is grateful to the Commissioner for the ready acceptance of the facilitative process between our offices.

Pending the appointment of a new Parliamentary Inspector, the Office has followed a similar "audit" process to that adopted previously. The Office does not seek to fetter any future Parliamentary Inspector from adopting a different or fuller audit process



### *Recordkeeping by the PICCC*

The office complies with section 19 of the *State Records Act 2000* which requires every State Organisation to have a Record-Keeping Plan approved by the State Records Commission and that the organisation and its employees comply with that plan. The Record-Keeping Plan was approved on 10 March 2016 and is currently under review, with a report of the review due by 10 March 2021.

The office utilises the Department of Justice's Electronic Document and Records Management Systems (EDRMS) database as its official recordkeeping system for administrative files. Investigation files and audit files are not currently captured or stored on EDRMS. This is because of the confidential nature of the information contained within these files. The office has a register of audit files and this register is maintained on a secure server.

In June 2020, by agreement between the Department of Justice and the Office of the Parliamentary Inspector, the PICCC's server infrastructure was relocated to a Data Centre under the Department of Justice's GovNext arrangement. This new location ensures that the server is housed in an appropriate purpose-built location. As there remains a firewall between the Department of Justice and the PICCC, the confidentiality of the information held by this Office is protected.

We are satisfied that the processes employed to preserve the security and confidentiality of the records of all matters dealt with by the Office are calculated to ensure that the Parliamentary Inspector, Acting Parliamentary Inspectors and staff comply with the provisions of the Act concerned with the disclosure of official information other than to the Parliament and/or the Joint Standing Committee of the Corruption and Crime Commission.



**Parliament House**



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

#### Report on the financial statements

##### **Opinion**

I have audited the financial statements of the Parliamentary Inspector of the Corruption and Crime Commission which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Parliamentary Inspector of the Corruption and Crime Commission for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

##### **Basis for opinion**

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Parliamentary Inspector in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Responsibility of the Parliamentary Inspector for the financial statements**

The Parliamentary Inspector is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Parliamentary Inspector determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Parliamentary Inspector is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Parliamentary Inspector.

##### **Auditor's responsibility for the audit of the financial statements**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

## **Report on controls**

### ***Opinion***

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission. The controls exercised by the Parliamentary Inspector are those policies and procedures established by the Parliamentary Inspector to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

### ***The Parliamentary Inspector's responsibilities***

The Parliamentary Inspector is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

### ***Auditor General's responsibilities***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

### ***Limitations of controls***

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.



## **Report on the key performance indicators**

### ***Qualified Opinion***

I have undertaken a reasonable assurance engagement on the key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission for the year ended 30 June 2020. The key performance indicators are the key effectiveness indicator and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, except for the possible effect of the matter described in the Basis for Qualified Opinion section of my report, the key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission are relevant and appropriate to assist users to assess the Parliamentary Inspector's performance and fairly represent indicated performance for the year ended 30 June 2020.

### ***Basis for Qualified Opinion***

For the key efficiency indicators 'average cost per investigation/case' and 'cost of the audit function as a percentage of total cost of operations' the Parliamentary Inspector of the Corruption and Crime Commission did not maintain adequate records for the period October 2019 to March 2020 to enable reliable reporting on actual performance. I was also unable to confirm the actual performance by alternative means. Consequently, I am unable to obtain sufficient appropriate audit evidence about whether these key efficiency indicators are fairly presented.

### ***The Parliamentary Inspector's responsibility for the key performance indicators***

The Parliamentary Inspector is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Parliamentary Inspector determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Parliamentary Inspector is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

### ***Auditor General's responsibility***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

**My independence and quality control relating to the reports on controls and key performance indicators**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Matters relating to the electronic publication of the audited financial statements and key performance indicators**

This auditor's report relates to the financial statements and key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission for the year ended 30 June 2020 included on the Parliamentary Inspector's website. The Parliamentary Inspector's management is responsible for the integrity of the Parliamentary Inspector's website. This audit does not provide assurance on the integrity of the Parliamentary Inspector's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



SANDRA LABUSCHAGNE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
01 October 2020



## Key Performance Indicators

### **Certification of Key Performance Indicators for the Year Ended 30 June 2020**

We hereby certify that the Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Parliamentary Inspector of the Corruption and Crime Commission's performance, and fairly represent the performance of the Office of the Parliamentary Inspector of the Corruption and Crime Commission for the quarters ending 30 September 2019 and 30 June 2020. Between October 2019 and March 2020, due to the illness of key personnel a record of the apportionment of time allocated to audits was not fully maintained in accordance with the Office's standard practice and this had an impact on both KPIs.



Matthew Howard SC  
Accountable Authority



The Hon John Chaney SC  
Accountable Authority

22 September 2020

# PERFORMANCE INDICATOR REPORT

For the period 1 July 2019 to 30 June 2020.

## OUTCOMES AND SERVICES

### RELATIONSHIPS TO GOVERNMENT GOALS

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to.

Government Goal	Desired Outcome	Service
Sustainable Finances:  Responsible financial management and better service delivery	An informed Parliament on the integrity of the Corruption and Crime Commission.	Evaluation of the effectiveness and appropriateness of Corruption and Crime Commission operations.

### KEY PERFORMANCE INDICATORS

The Parliamentary Inspector is required under Section 61 of the *Financial Management Act 2006* and Treasurer's Instruction TI 904, to disclose key performance indicators in the annual report.

The following performance indicators should be read in conjunction with the accompanying notes to the Key Performance Indicators. Explanations are provided where there is a significant variation of more than 10% between 2019-20 actual results and budget targets or between actual results of current year and prior year.

## KEY EFFECTIVENESS INDICATOR

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual
Number of reports completed and tabled in Parliament within target timeframes *	1	1	1	1	1

\* The Parliamentary Inspector is not required to report to Parliament until after the audit of these Key Performance Indicators, therefore the report referred to in the effectiveness indicator is the annual report for the previous year.

The Parliamentary Inspector seeks to achieve the outcome of *an informed Parliament on the integrity of the Corruption and Crime Commission*. The indicator is measured by determining if the Parliamentary Inspector met the statutory annual reporting requirements contained in section 203 of the *Corruption, Crime and Misconduct Act 2003* i.e.

### **203. Annual report to Parliament**

- (1) *The Parliamentary Inspector is to prepare, within 3 months after 30 June of each year, a report as to his or her general activities during that year.*
- (2) *The Parliamentary Inspector is to cause a copy of a report prepared under this section to be laid before each House of Parliament, or dealt with under section 206, within 21 days of the preparation of the report.*
- (3) *This section does not limit Part 5 of the Financial Management Act 2006 and the report required under this section may be prepared and dealt with in conjunction with the report required under that Part.*

This measure is a key indicator of performance because timeliness of reporting is essential if the Parliament is to base decisions on the information provided by the Parliamentary Inspector.

## KEY EFFICIENCY INDICATORS

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual
Average cost per investigation/case	\$4,639	\$7,356	\$8,997	\$9,520	\$10,005
Cost of the audit function as a percentage of total cost of operations	42%	41%	37%	45%	13%

### AVERAGE COST PER INVESTIGATION/CASE

The average cost per investigation/case is calculated by determining the total cost of the investigation function and dividing it by the number of investigations closed for the period.

The total cost of the investigation function is calculated by determining the percentage of salaries devoted to the investigation function and then applying that percentage to the total expenditure of the Parliamentary Inspector for the period. This gives the total cost of the investigation function.

The number of specific investigations conducted and completed by the Parliamentary Inspector is recorded electronically. Each investigation is commenced by receipt of a written complaint and recorded in a complaints register. When the investigation is completed it is recorded as closed. The number of investigations is drawn from this information.

### COST OF THE AUDIT FUNCTION AS A PERCENTAGE OF TOTAL COST OF OPERATIONS

The cost of the audit function as a percentage of the total cost of operations is calculated by determining the percentage of total Parliamentary Inspector salaries devoted to the audit function and then applying that percentage to the total expenditure of the Parliamentary Inspector for the period. For example, if 50% of salaries cost is devoted to the audit function then it is considered that 50% of the total cost of the Office is devoted to the audit function.

The 2019-20 Actual for the Average cost per investigation/case is higher than the 2020-21 Budget Target mainly due to the significantly lower Cost of audit function as a percentage of total cost of operations due to the illness of key personnel in the Office of the Parliamentary Inspector. As a consequence of the resulting vacancies between October 2019 and March 2020, a record of apportionment of time allocated to audits was not fully maintained in accordance with the Office's standard practice.

In addition, the audit for the January - March 2020 quarter was postponed until the following financial year thus contributing to the lower Cost of audit function as a percentage of total costs in the 2019-20 Actuals. It was determined not to carry it out at that time and to instead wait for a new Parliamentary Inspector to be appointed and to carry out the quarterly audit.

Ultimately, the quarterly audit for the January-March 2020 period was carried out in July 2020, together with the April-June 2020 quarterly audit. This will be reflected in the Annual Report for the 2020-2021 financial year.

## Financial Statements

### Certification of Financial Statements

#### For the year ended 30 June 2020

The accompanying financial statements of the Office of the Parliamentary Inspector of the Corruption and Crime Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended **30 June 2020** and the financial position as at **30 June 2020**.

At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.



---

**Matthew Daunton Howard SC**  
Accountable Authority

29 September 2020



---

**Hon John Anthony Chaney SC**  
Accountable Authority

29 September 2020



---

**John Deery**  
Chief Finance Officer

29 September 2020

The Office has pleasure in presenting its audited general purpose reduced disclosure requirements financial statements for the financial reporting period ended 30 June 2020 which provides users with the information about the Office's stewardship of resources entrusted to it. The financial information is presented in the following structure:

<b>Index</b>	<b>Page</b>
<b>Financial statements</b>	
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Summary of Consolidated Account Appropriations	7
<b>Notes to the financial statements</b>	8
1. Basis of preparation	8
Statement of compliance	8
Basis of preparation	8
Judgements and estimates	8
Contributed equity	8
2. Use of our funding	9
Expenses incurred in the delivery of services	9
2.1 Employee benefits expense	9
2.1.1 Employee related provisions	10
2.2 Other expenditure	11
3. Our funding sources	12
How we obtain our funding	12
3.1 Income from State Government	12
4. Key assets	13
4.1 Property, plant and equipment	13
4.2 Depreciation and impairment	14
5. Other assets and liabilities	15
5.1 Receivables	15
5.2 Amounts receivables for services (Holding Account)	15
5.3 Other assets	15
5.4 Payables	16
6. Financing	16
6.1 Cash and cash equivalents	16
7. Financial Instruments and contingencies	17
7.1 Financial instruments	17
7.2 Contingent assets and liabilities	17
8. Other disclosures	18
8.1 Events occurring after the end of the reporting period	18
8.2 Initial application of Australian Accounting Standards	18
8.3 Key management personnel	19
8.4 Related party transactions	20
8.5 Related bodies	20
8.6 Affiliated bodies	20
8.7 Remuneration of auditors	20
8.8 Equity	20
8.9 Supplementary financial information	21



## Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	2.1	322,780	465,296
Supplies and services	2.2	174,268	180,374
Depreciation	4.1.1	32,106	32,106
Accommodation expenses	2.2	84,246	93,732
Other expenses	2.2	30,659	42,526
<b>Total cost of services</b>		<b>644,059</b>	<b>814,034</b>
<b>Income</b>			
<b>Total income other than income from State Government</b>		-	-
<b>NET COST OF SERVICES</b>		<b>644,059</b>	<b>814,034</b>
<b>Income from State Government</b>			
Service appropriation	3.1	695,000	697,000
Services received free of charge	3.1	140,293	147,122
<b>Total income from State Government</b>		<b>835,293</b>	<b>844,122</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>191,234</b>	<b>30,088</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>191,234</b>	<b>30,088</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.1	351,312	497,104
Receivables	5.1	2,401	3,062
Other Assets	5.3	7,318	612
<b>Total Current Assets</b>		<b>361,031</b>	<b>500,778</b>
<b>Non-Current Assets</b>			
Amounts receivable for services	5.2	259,000	227,000
Property, plant and equipment	4.1	157,657	189,764
<b>Total Non-Current Assets</b>		<b>416,657</b>	<b>416,764</b>
<b>TOTAL ASSETS</b>		<b>777,688</b>	<b>917,542</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.4	73,656	19,316
Provisions	2.1.1	-	385,428
<b>Total Current Liabilities</b>		<b>73,656</b>	<b>404,744</b>
<b>Non-Current Liabilities</b>		-	-
<b>Total Non-Current Liabilities</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>73,656</b>	<b>404,744</b>
<b>NET ASSETS</b>		<b>704,032</b>	<b>512,798</b>
<b>EQUITY</b>			
Contributed equity	8.8	160,000	160,000
Accumulated surplus	8.8	544,032	352,798
<b>TOTAL EQUITY</b>		<b>704,032</b>	<b>512,798</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the year ended 30 June 2020

---

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
<b>Balance at 1 July 2018</b>	8.8	160,000	322,710	482,710
Total comprehensive income for the period		-	30,088	30,088
<b>Balance at 30 June 2019</b>		<b>160,000</b>	<b>352,798</b>	<b>512,798</b>
<b>Balance at 1 July 2019</b>		160,000	352,798	512,798
Total comprehensive income for the period		-	191,234	191,234
<b>Balance at 30 June 2020</b>		<b>160,000</b>	<b>544,032</b>	<b>704,032</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		663,000	665,000
<b>Net cash provided by State Government</b>		<b>663,000</b>	<b>665,000</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(650,945)	(409,525)
Supplies and services		(74,706)	(64,547)
Accommodation		(84,246)	(93,732)
GST payments on purchases		(14,416)	(16,256)
<b>Receipts</b>			
GST receipts from taxation authority		15,521	18,455
<b>Net cash provided by/ (used in) operating activities</b>		<b>(808,792)</b>	<b>(565,605)</b>
Net increase (decrease) in cash and cash equivalents		(145,792)	99,395
Cash and cash equivalents at the beginning of the reporting period		497,104	397,709
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6.1	<b>351,312</b>	<b>497,104</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Summary of Consolidated Account Appropriations

For the year ended 30 June 2020

	2020 Budget Estimate \$	2020 Supplementary Funding \$	2020 Revised Budget \$	2020 Actual \$	2020 Variance \$
<b><u>Delivery of Services</u></b>					
Item 68 Net amount appropriated to deliver services	529,000	-	529,000	516,000	(13,000)
Amount Authorised by Other Statutes - <i>Corruption and Crime Commission Act 2003</i>	179,000	-	179,000	179,000	-
<b>Total appropriations provided to deliver services</b>	<b>708,000</b>	<b>-</b>	<b>708,000</b>	<b>695,000</b>	<b>(13,000)</b>
<b><u>Capital</u></b>					
Item 135 Capital Appropriation	84,000	-	84,000	-	(84,000)
<b>GRAND TOTAL</b>	<b>792,000</b>	<b>-</b>	<b>792,000</b>	<b>695,000</b>	<b>(97,000)</b>

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparation

The Office of the Parliamentary Inspector of the Corruption and Crime Commission (the Office) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Office on 25 September 2020

### Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's Instructions (the Instructions)
- 3) Australian Accounting Standards (AASs) – Reduced Disclosure Requirements
- 4) Where appropriate, those AASs paragraphs applicable for not-for-profit entities have been applied.

The *FMA* and the Instructions take precedence over AASs. Several AASs are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest dollar.

### Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

### Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.



# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Use of our funding

#### Expenses incurred in the delivery of services

This section provides additional information about how the Office's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Office in achieving its objectives and the relevant notes are:

	Notes	2020 \$	2019 \$
Employee benefits expense	2.1	322,780	465,296
Employee related provisions	2.1.1	-	385,428
Supplies and services	2.2	174,268	180,374
Accommodation expenses	2.2	84,246	93,732
Other expenditure	2.2	30,659	42,526

#### 2.1 Employee benefits expenses

	2020 \$	2019 \$
Employee benefits	289,292	429,924
Superannuation - defined contribution plans	33,488	35,372
<b>Total employee benefits expenses</b>	<b>322,780</b>	<b>465,296</b>
Add: AASB 16 Non-monetary benefits	-	-
Less: Employee Contributions	-	-
<b>Net employee benefits</b>	<b>322,780</b>	<b>465,296</b>

**Employee Benefits:** Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, profit-sharing and bonuses; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

**Superannuation:** The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the Gold State Superannuation (GSS) (concurrent contributions), the West State Superannuation (WSS), the Government Employees Superannuation Board (GESB), or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for the Office's purposes because the concurrent contributions (defined contributions) made by the Office to GESB extinguishes the Office's obligations to the related superannuation liability.

The Office does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Office to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

**AASB 16 Non-monetary benefits:** Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of Vehicle benefits are measured at the cost incurred by the agency.

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 2.1.1 Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2020 \$	2019 \$
<b>Current</b>		
<u>Employee benefits provisions</u>		
Annual leave <sup>(a)</sup>	-	243,391
Long service leave <sup>(b)</sup>	-	124,685
	-	<b>368,076</b>
<u>Other provisions</u>		
Employment on-costs <sup>(c)</sup>	-	17,352
<b>Total current employee related provisions</b>	-	<b>385,428</b>
<b>Total non-current employee related provisions</b>	-	-
<b>Total employee related provisions*</b>	-	<b>385,428</b>

\* There is a zero balance for total employee related provisions because the two permanent employees of the Office retired before the end of the financial year and the Office took on seconded employees from other agencies to fill the vacated position.

- (a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

- (b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as **current** liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as **non-current** liabilities because the Office has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Office does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

- (c) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenditure', Note 2.2 and are not included as part of the Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2020 \$	2019 \$
<u>Employee on-cost provision</u>		
Carrying amount at start of period	17,352	14,748
Additional/(reversals of) provisions recognised	(17,352)	2,604
<b>Carrying amount at the end of the period</b>	-	<b>17,352</b>

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 2.1.1 Employee related provisions (continued)

#### Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Office's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

### 2.2 Other expenditure

	2020 \$	2019 \$
<b>Supplies and services</b>		
Communications	2,871	5,571
Consumables	5,401	8,278
Consultants and contractors	25,703	19,403
Services received free of charge (note 3.1)	140,293	147,122
<b>Total supplies and services expenses</b>	<b>174,268</b>	<b>180,374</b>
<b>Accommodation expenses</b>		
Building rentals	84,246	93,732
<b>Total accommodation expenses</b>	<b>84,246</b>	<b>93,732</b>
<b>Other Expenses</b>		
Insurance for Property, Liability, Workers Compensation,		
Miscellaneous	5,775	5,771
Other expenses <sup>(a)</sup>	24,884	36,755
<b>Total other expenses</b>	<b>30,659</b>	<b>42,526</b>
<b>Total other expenditure</b>	<b>289,173</b>	<b>316,632</b>

(a) Includes bank fees, court transcripts, electricity, travel and audit fees.

#### Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

#### Rental expenses include:

- i) Short-term leases with a lease term of 12 months or less;
- ii) Low-value leases with an underlying value of \$5,000 or less;
- iii) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs; and
- iv) Government Office Accommodation under a Memorandum of Understanding Agreement with the Department of Finance for the leasing of office accommodation.

**Repairs, maintenance and cleaning costs** are recognised as expenses as incurred.

#### Other expenses:

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Our funding sources

#### How we obtain our funding

This section provides additional information about how the Office obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Office and the relevant notes are:

	Notes	2020 \$	2019 \$
Income from State Government	3.1	835,293	844,122

#### 3.1 Income from State Government

	2020 \$	2019 \$
Appropriation received during the period:		
Service appropriation <sup>(a)</sup>	695,000	697,000
Services received free of charge from other State government agencies during the period <sup>(b)</sup>		
Department of Justice		
- financial, human resources and information technology services	127,539	134,997
Department of Finance		
-lease accommodation services	12,754	12,125
	<u>140,293</u>	<u>147,122</u>
<b>Total Income from State Government</b>	<b><u>835,293</u></b>	<b><u>844,122</u></b>

- (a) **Service Appropriations** are recognised as revenues at fair value in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

- (b) **Services received free of charge or for nominal cost:** Services received free of charge or for nominal cost that the Office would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income. The value of services received free of charge recognised during the period was calculated based on estimates and information provided by Department of Finance and Department of Justice.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Key assets

#### Assets the Office utilises for economic benefit or service potential

This section includes information regarding the key assets the Office utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets.

	Notes	2020 \$	2019 \$
Property, plant and equipment	4.1	157,657	189,764
<b>Total key assets</b>		<b>157,657</b>	<b>189,764</b>

#### 4.1 Property, plant and equipment

	Leasehold Improvement \$	Office equipment \$	Total \$
<b>Year ended 30 June 2020</b>			
<b>1 July 2019</b>			
Gross carrying amount	304,612	8,227	312,839
Accumulated depreciation	(116,769)	(6,307)	(123,076)
<b>Carrying amount at start of period</b>	187,843	1,920	189,763
Depreciation	(30,461)	(1,645)	(32,106)
<b>Carrying amount at 30 June 2020</b>	<b>157,382</b>	<b>275</b>	<b>157,657</b>
Gross carrying amount	304,612	8,227	312,839
Accumulated depreciation	(147,230)	(7,952)	(155,182)

#### Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

#### Subsequent measurement

Subsequent to initial recognition of an asset, items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 4.2 Depreciation and impairment

#### Charge for the period

	2020	2019
	\$	\$
Leasehold Improvement	30,461	30,461
Office equipment	1,645	1,645
	<b>32,106</b>	<b>32,106</b>

As at 30 June 2020 there were no indications of impairment to property or plant and equipment.

All surplus assets at 30 June 2020 have either been classified as assets held for sale or have been written-off.

#### Finite useful lives

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Leasehold improvement	10 years or the remaining useful life, whichever is lower
Office Equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

#### Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss. Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Office is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Office's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2020 \$	2019 \$
Receivables	5.1	2,401	3,062
Amounts receivable for services (Holding Account)	5.2	259,000	227,000
Other assets	5.3	7,318	612
Payables	5.4	73,656	19,316

#### 5.1 Receivables

	2020 \$	2019 \$
<u>Current</u>		
Trade and other receivables	443	-
GST receivable	1,958	3,062
<b>Total current</b>	<b>2,401</b>	<b>3,062</b>

The Office does not hold any collateral or other credit enhancements as security for receivables.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### 5.2 Amounts receivable for services (Holding Account)

	2020 \$	2019 \$
Non-current	259,000	227,000
<b>Total non-current</b>	<b>259,000</b>	<b>227,000</b>
<b>Total Amounts receivable for services</b>	<b>259,000</b>	<b>227,000</b>

**Amounts receivable for services** represent the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

The Office receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement. Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the Holding Account).

#### 5.3 Other assets

	2020 \$	2019 \$
Prepayments	7,318	612
<b>Total other current assets</b>	<b>7,318</b>	<b>612</b>

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 5.4 Payables

	2020	2019
	\$	\$
<u>Current</u>		
Trade payables	36	17,683
Accrued salaries	73,620	1,633
<b>Total current</b>	<b>73,656</b>	<b>19,316</b>

**Payables** are recognised at the amounts payable when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

**Accrued salaries** represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

## 6. Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Office:

	<b>Notes</b>
Cash and cash equivalents	6.1

### 6.1 Cash and cash equivalents

	2020	2019
	\$	\$
Cash and cash equivalents	351,312	497,104
	<b>351,312</b>	<b>497,104</b>

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.



# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Financial instruments and contingencies

	Notes
Financial instruments	7.1
Contingent assets and contingent liabilities	7.2

#### 7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting date are:

	2020 \$	2019 \$
<u>Financial Assets</u>		
Cash and cash equivalents	351,312	497,104
Financial assets at amortised cost <sup>(a)</sup>	259,443	227,000
<b>Total financial assets</b>	<b>610,755</b>	<b>724,104</b>
<u>Financial Liabilities</u>		
Financial liabilities at amortised cost	73,656	19,316
<b>Total financial liability</b>	<b>73,656</b>	<b>19,316</b>

- (a) The amount of Financial assets at amortised cost excludes GST recoverable from the Australian Taxation Office (statutory receivable).

#### 7.2 Contingent assets and liabilities

There were no contingent liabilities and contingent assets as at 30 June 2020 (2019: nil).

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Remuneration of auditors	8.7
Equity	8.8
Supplementary financial information	8.9

#### 8.1 Events occurring after the end of the reporting period

There were no events occurring after the balance date at the end of the financial year.

#### 8.2 Initial application of Australian Accounting Standards

##### AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue when or as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Office.

The Office adopts the modified retrospective approach on transition to AASB 1058. No comparative information is restated under this approach, and the Office recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Office elects to not apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 3.1 for the revenue and income accounting policies adopted from 1 July 2019.

The adoption by the Office of AASB 15 and AASB 1058 as at 1 July 2019 resulted in no adjustments and consequently no impact on the opening balance of accumulated surplus/(deficit) at the date of initial application.

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

### AASB 16 Leases

AASB 16 *Leases* supersedes AASB 117 *Leases and related Interpretations*. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Agency applies AASB 16 *Leases* from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

The adoption of this standard has had no impact on the Office as the Office has no leases within the scope of AASB 16.

	\$
Operating lease commitments disclosed as at 30 June 2019 (excl GST)	56,059
(less): GOA lease not recognised as liability in AASB 16	<u>(56,059)</u>
	-
Discounted using incremental borrowing rate at date of initial application	-
Finance lease liabilities recognised as at 30 June 2019	-
(less): Short-term leases not recognised as liability	-
(less): Low value leases not recognised as liability	<u>-</u>
<b>Lease liability recognised at 1 July 2019</b>	<b><u>-</u></b>
Current lease liabilities	-
Non-current lease liabilities	-

### 8.3 Key management personnel

The Office has determined key management personnel to include senior officers of the Office.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for the accountable authority and senior officers of the Office for the reporting period are presented within the following bands:

	2020	2019
<b>Compensation of members of the accountable authority</b>		
<b>Compensation Band (\$)</b>		
250,001 – 260,000	-	1
180,001 – 190,000	1	-
<b>Compensation of senior officers</b>		
<b>Compensation Band (\$)</b>		
250,001 – 260,000		1
170,001 – 180,000	1	-
30,001 – 40,000	1	-
0 – 10,000	1	
	<b>\$</b>	<b>\$</b>
<b>Total compensation of senior officers</b>	<u>406,441</u>	<u>513,082</u>

# Office of the Parliamentary Inspector of the Corruption and Crime Commission of Western Australia

## NOTES TO THE FINANCIAL STATEMENTS

Total compensation includes the superannuation expense incurred by the Office in respect senior officers.

### 8.4 Related party transactions

The Office is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Office include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- GESB.

### Material transactions with related parties:

Outside of normal citizen type transactions with the Office, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

### 8.5 Related bodies

The Office had no related bodies during the financial year (2019: nil).

### 8.6 Affiliated bodies

The Office had no affiliated bodies during the financial year (2019: nil).

### 8.7 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for current financial year is as follows:

	2020	2019
	\$	\$
Auditing the accounts, financial statements and key performance indicators	17,225	18,225

### 8.8 Equity

The Western Australia Government holds the equity interest in the Office on behalf of the community. Equity represents the residual interest in the net assets of the Office.

	2020	2019
	\$	\$
<b>Contributed equity</b>		
Balance at start of period	160,000	160,000
<b>Balance at end of period</b>	<b>160,000</b>	<b>160,000</b>
<b>Accumulated surplus</b>		
Balance at start of period	352,798	322,710
Result for the period	191,234	30,088
<b>Balance at end of period</b>	<b>544,032</b>	<b>352,798</b>
<b>Total Equity at end of period</b>	<b>704,032</b>	<b>512,798</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**8.9 Supplementary financial information**

There were no losses of public moneys or other public property through theft or default during the financial year (2019: nil).

There were no write offs of public money or other public property during the financial year (2019: nil).

There were no gifts of public property during the financial year (2019: nil).