

 ANNUAL REPORT

19/20

CELEBRATING 10 YEARS

ESSENTIAL TO ENSURING
TRUST IN GOVERNMENT





Essential to ensuring trust in Government

Further information

This report and further information about the Integrity Commission is available at www.integrity.tas.gov.au

This report was updated on 11 November 2020 to correct non-critical typographical errors on pg 15 (Table 5) and pg 24 (Table 18)

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LETTERS OF TRANSMITTAL

Letter to the Presiding Officers

**PRESIDENT OF THE
LEGISLATIVE COUNCIL**

**SPEAKER OF THE
HOUSE OF ASSEMBLY**

ANNUAL REPORT FOR 1 JULY 2019 TO 30 JUNE 2020

Dear Mr President
Dear Madam Speaker

In accordance with section 11(1) of the *Integrity Commission Act 2009* (Tas), we are pleased to present the *Integrity Commission Annual Report 2019-20* to Parliament. The report outlines the Commission's finances and business activities for the year ending 30 June 2020.

Yours sincerely

GREG MELICK, AO RFD SC
CHIEF COMMISSIONER
OFFICER

29 OCTOBER 2020

MICHAEL EASTON
CHIEF EXECUTIVE
OFFICER

29 OCTOBER 2020

Letter to the Minister for Justice

HON ELISE ARCHER MP
ATTORNEY-GENERAL
MINISTER FOR JUSTICE
MINISTER FOR THE ARTS
MINISTER FOR CORRECTIONS
MINISTER FOR BUILDING AND CONSTRUCTION
MINISTER FOR RACING

ANNUAL REPORT FOR 1 JULY 2019 TO 30 JUNE 2020

Dear Minister

In accordance with section 36 of the *State Service Act 2000* (Tas) and section 26 of the *Financial Management and Audit Act 1990* (Tas), I am pleased to present the *Integrity Commission Annual Report 2019-20* for the year ending 30 June 2020.

Yours sincerely

MICHAEL EASTON
CHIEF EXECUTIVE OFFICER

29 OCTOBER 2020

FOREWORD



**After ten years of operation,
the Commission has entered
a new era of working with
the public sector.**

After ten years of operation, the Commission has entered a new era of working with the public sector to identify and prevent misconduct, and to improve the way we direct our investigative resources.

As part of its evolution as an organisation, the Commission has developed considerable insight into Tasmania's misconduct risk factors and measures that address the risks.

Our success in preventing misconduct and encouraging misconduct reporting requires us to develop strong partnerships with the public sector to provide education, support and advice, while vigorously maintaining our investigative and complaint-handling independence.

This year has seen further development of these partnerships, coupled with a doubling in the level of face-to-face training activities, strengthening of our regional training presence and the participation of a record number of public officers State-wide in misconduct prevention training and workshops.

The scheduled rollout of our next-generation online training, and completion of research to develop an evidence base for risk identification and prioritisation, represent a significant step forward. The training program, delivered on a new learning management system, will lead to public sector-wide adoption of integrity training and more effective learning outcomes.

At the same time, we continued to focus our investigative work on serious misconduct, consistent with recommendations of the 2016 independent five-year review. In two instances, the Board of the Commission determined that matters warranted the public release of reports on investigation findings.

Our investigative work is increasingly based on analyses of public sector misconduct risks, in keeping with similar approaches in other jurisdictions and enabling more effective targeting of resources. It means we can identify systemic risk areas warranting own-motion investigations, which can be conducted in the absence of a specific complaint.

Since our establishment in 2010, we have steadily increased the number of investigations commenced each year, rising from two in our first year of operation to 10 last year. This year, three investigations were commenced, reflecting the need to focus our resources on existing matters and a reduction in the number of complaints that warranted further investigation.

While COVID-19 saw the Commission postpone face-to-face training and investigative activities in March and officers transition to working from home, a comprehensive work safety plan was adopted in June to support a return to usual practices.

In other changes, Chief Executive Officer Richard Bingham retired in April after three years in the role. The Board thanks Richard for his substantial contribution, which has helped the Commission to consolidate and develop its critical role for Tasmania, and welcomes his replacement, Michael Easton.

The Commission is in robust condition as it enters its next decade and will continue to work energetically to reduce and expose misconduct, and thereby increase community trust in the public sector, which is of benefit to us all.

GREG MELICK, AO RFD SC
CHIEF COMMISSIONER

MICHAEL EASTON
CHIEF EXECUTIVE OFFICER



SNAPSHOT

165 COMPLAINTS RECEIVED

28 assessments, **3** complaint investigations and **2** own motion investigations concluded

54 notifications of misconduct received from public authorities

2 police audits undertaken

44 occasions when statutory powers were used

21 misconduct matters referred for action

2 summary reports of investigations released in the public interest

67 MISCONDUCT AWARENESS AND PREVENTION WORKSHOPS AND PRESENTATIONS

959 public officers and elected representatives from **33** public authorities engaged in integrity training and education



The Commission is an independent state authority, entrusted by the Tasmanian community to support an ethical and responsible public sector.

The Integrity Commission (the Commission) is an independent statutory authority, established in 2010 by the *Integrity Commission Act 2009* (Tas) (the Act). Under the Act, our objectives are to:

- improve the standard of conduct, propriety and ethics in public authorities in Tasmania
- enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with, and
- enhance the quality of, and commitment to, ethical conduct by adopting a strong educative, preventative and advisory role.

We do this by:

- educating public officers and the public about integrity
- assisting public authorities to deal with misconduct
- dealing with allegations of serious misconduct or misconduct by designated public officers, and
- making findings and recommendations in relation to investigations.



OUR STRATEGIC PLAN

The *Integrity Commission Strategic Plan 2018-20* sets out the goals and strategies for progressing the objectives of the Act and developing the capability of the Commission. Our progress against the plan is outlined in this report.

OUR VALUES

Our statement of values establishes the behaviours that are most important to us as an organisation:

- Respect
- Honesty
- Independence
- Accountability
- Professionalism
- Trust

The values underpin our guiding statement: *The Commission always acts in the public interest. We strive to be an agent for change and a positive influence for the Tasmanian public sector.*

GOVERNANCE

The Act establishes the offices of the Chief Commissioner and Chief Executive Officer. These roles have wide-ranging responsibilities, and set the strategic and operational directions of the Commission.



GREG MELICK, AO RFD SC
CHIEF COMMISSIONER

Greg Melick chairs the Board of the Integrity Commission. Greg practises as a barrister in both criminal and civil jurisdictions, and is a mediator in civil matters. He holds several concurrent positions, including: National President of the Returned and Services League Australia; Deputy President of the Commonwealth Administrative Appeals TribunalA (part-time); and Special Investigator for Cricket Australia.

He is a former Principal Crown Counsel and Statutory Member of the National Crime Authority and the New South Wales Casino Control Authority. Greg also served as a Major General in the Australian Defence Force.



MICHAEL EASTON
CHIEF EXECUTIVE OFFICER

Michael Easton has led the Integrity Commission since April 2020.

With a public sector career spanning more than 20 years, he has held management positions in State and local government sectors. He was admitted as a barrister and solicitor to the Supreme Court of Tasmania, and holds qualifications in law and science from the University of Tasmania and Macquarie University.



BOARD OF THE INTEGRITY COMMISSION

The role of the Board of the Integrity Commission is set out in the Act. The Board comprises the Chief Commissioner as Chair and three appointed members. It ensures that the Commission performs its functions appropriately and exercises its powers in accordance with the objectives of the Act.



LUPPO PRINS, APM

A former Assistant Police Commissioner, Luppo Prins had a 42-year career in policing. He was awarded the National Police Medal, the Australian Police Medal for Outstanding Service and the Commissioner's Integrity Medal.

Since retiring from Tasmania Police in 2005, Luppo has conducted major independent investigations and reviews for the Department of Justice and the Department of Health and Human Services.



PHIL FOULSTON

Former Director and member of the executive of the Department of Premier and Cabinet, Phil Foulston worked in the public sector for almost 30 years. He has substantial experience as a senior administrator, adviser and manager within a policy and regulatory framework in the complex political, social and organisational environment of a central government agency.

His key responsibilities included the machinery of government, constitutional administration, general governance, and corporate services. Before joining the public sector, he was a human resource management practitioner in the UK aluminium industry. He has a Bachelor of Science with Honours from the University of Tasmania.



ROB WINTER

Rob Winter was admitted as a barrister and solicitor of the Supreme Court of Tasmania and the High Court of Australia in 1989. After extensive experience in prosecutions and insurance litigation, he joined an international loss adjusting practice in 1995. Since then, he has investigated and reported on wide-ranging employment and liability matters.

He is a member of the Anti-Discrimination Tribunal and the Code of Conduct Panel established under the *Local Government Act 1993*. He is a former Tribunal member of the Tasmania Football League and former Chairman of the Southern Tasmanian Councils Code of Conduct Panel.



TABLE 1. BOARD MEETING ATTENDANCE

Meeting dates	Attendees	Absentee	Attendance rate
2019			
7 August	3	Phil Foulston	75%
7 October	4	-	100%
2 December	4	-	100%
2020			
3 February	4	-	100%
1 April	4	-	100%
4 May	4	-	100%
3 June	4	-	100%
26 June	3	Greg Melick ¹	75%

OUR STRUCTURE

ORGANISATION CHART

Figure 1 shows the Commission's structure at 30 June 2020. It includes the Parliamentary Joint Standing Committee on Integrity and the independent statutory office of the Parliamentary Standards Commissioner, both of which are established by the Act.

During the reporting period, the Commission authorised one public officer under section 21 of the Act to assist with its investigative work.

BUSINESS UNITS

The Commission has three business units. Due to the size of our organisation and specialist nature of our roles, we work with a high degree of cross-team collaboration. All officers make a substantial contribution to the effective and efficient operation of the Commission.

Operations

The Operations Unit is responsible for the Commission's complaint handling and investigative functions. The unit handles all allegations of public sector misconduct and conducts own-motion investigations, as directed by the Board, as well as the Commission's police oversight program.

Misconduct Prevention

The Misconduct Prevention Unit progresses the Commission's objective of increasing public sector capacity to prevent and respond to misconduct. It does this through education, advice and support. The unit is also responsible for the Commission's communications and media portfolio.

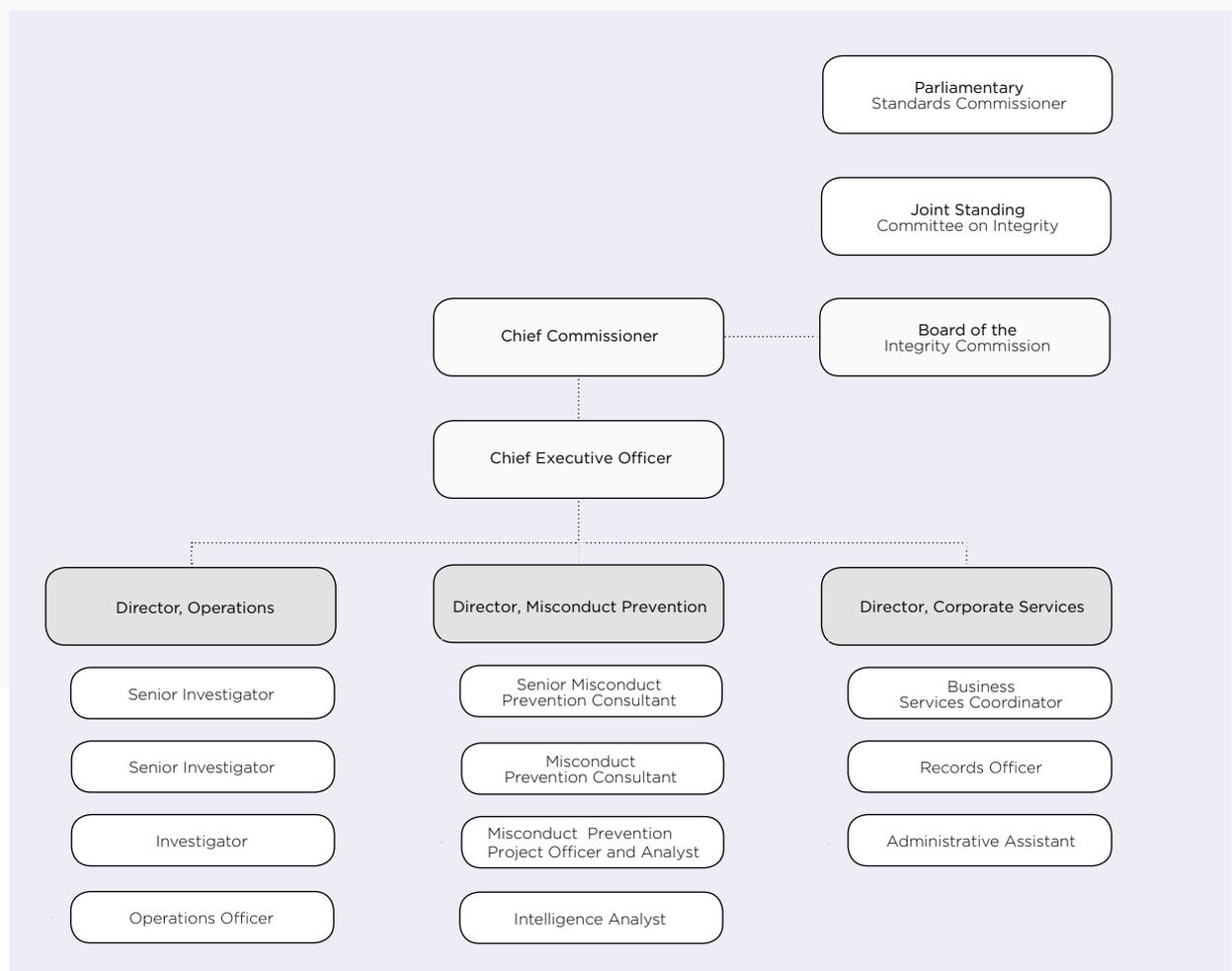
¹ Luppoo Prins assumed the role of Chair for this meeting.



Corporate Services

The Corporate Services Unit oversees the management and continuous improvement of the Commission's business practices. This includes managing the Commission's budget, financial reporting, information, records, facilities and providing secretariat support to the Executive.

FIGURE 1. ORGANISATION CHART





RELATIONSHIP WITH PARLIAMENT

The Commission operates independently of Government. It does not receive direction from any Minister or other public authority. Under the Act, the Commission is accountable to the Parliament of Tasmania through the parliamentary Joint Standing Committee on Integrity (the Joint Committee).

JOINT STANDING COMMITTEE ON INTEGRITY

The Joint Committee is established pursuant to section 23(1) of the Act. Its role involves monitoring, reviewing and reporting upon the functions of, and matters relevant to the performance of, integrity entities in Tasmania, including the Commission.

It consists of six members of Parliament, three each from the Legislative Council and House of Assembly. The members in 2019-20 were:

Legislative Council

- Hon Ivan Dean MLC, as Chair
- Hon Rob Valentine MLC, Deputy Chair
- Hon Rosemary Armitage MLC

House of Assembly

- Hon Michael Ferguson MP
- Ms Jennifer Houston MP
- Hon Mark Shelton MP (until 19 July 2019)
- Hon Jacquie Petrusma MP (from 30 July 2019)

The Commission met with the Joint Committee on one occasion during the reporting period, in accordance with an inter-agency protocol.

OFFICE OF THE PARLIAMENTARY STANDARDS COMMISSIONER

The office of the Parliamentary Standards Commissioner is a statutory office established under the Act. Reverend Professor the Hon Michael Tate, AO has held the office since its inception in 2010.

The Parliamentary Standards Commissioner operates independently of the Commission and provides advice on conduct, propriety and ethics to members of Parliament and to the Commission.

COMPLAINT HANDLING



Making a complaint to the Commission is an important step in shining a light on public sector misconduct.

Reporting misconduct helps to ensure that:

- public authorities operate honestly, ethically and fairly
- public money and resources are not misused, and
- misconduct risks are identified so they can be dealt with and prevented.

The Commission received 165 complaints of alleged public sector misconduct in 2019-20. Two complaints were carried forward from 2018-19 and were subsequently managed through triage. One complaint was under consideration at the end of the reporting period.

TABLE 2. COMPLAINTS RECEIVED

	2019-20	2018-19	2017 18
Complaints received	165²	140	193

TABLE 3. COMPLAINTS BY SECTOR

	2019-20	2018-19	2017 18
Tasmanian State Service	53	60	74
Tasmania Police	61	29	41
Local Government	33	29	37
Government Business Enterprise	1	4	1
Statutory Authority	1	1	6
State-owned Company	0	1	2
Tertiary Education Provider	2	8	12
Parliament	5	6	11
Other (not in jurisdiction)	9	2	9
Total	165	140	193

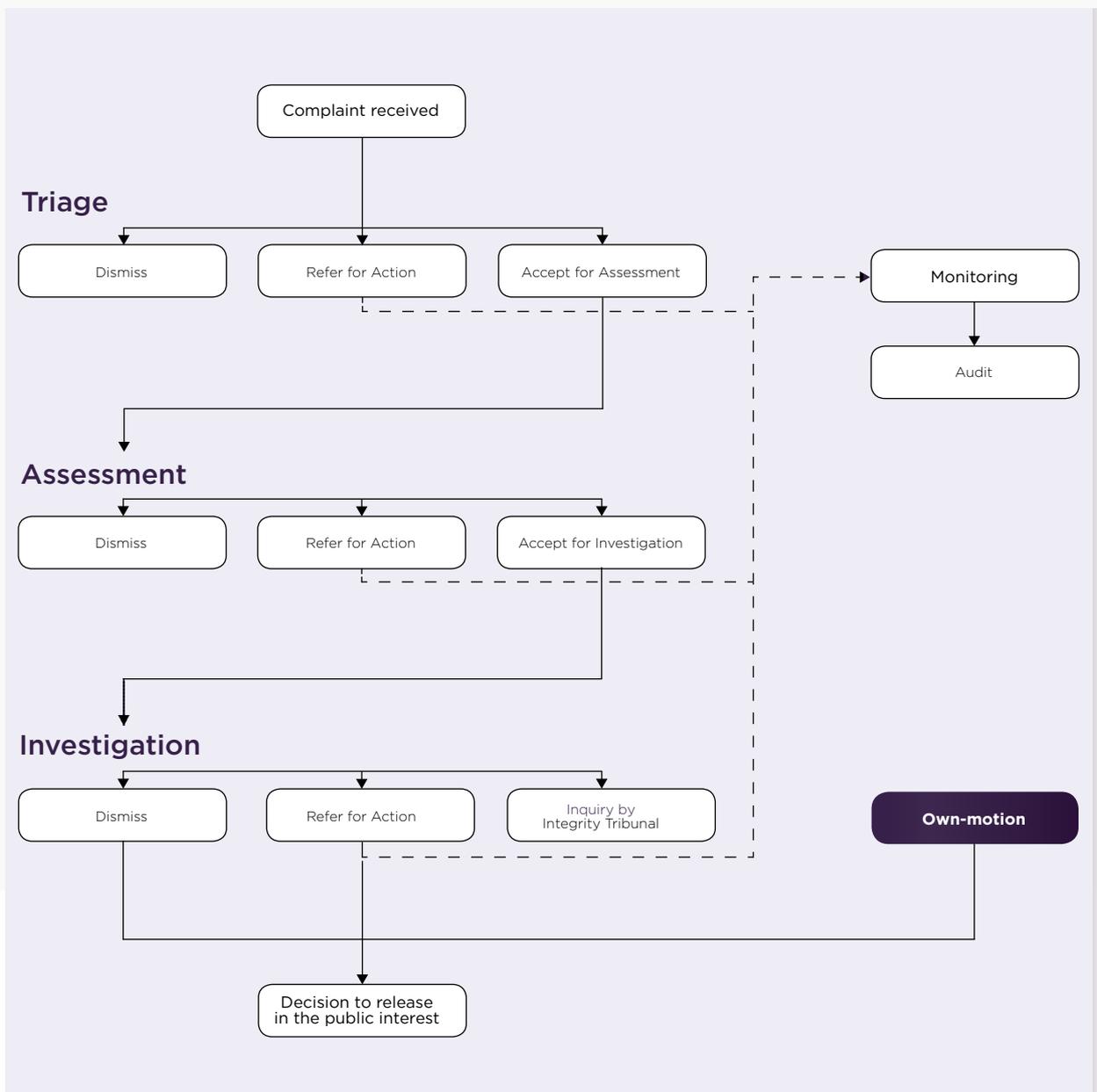
TABLE 4. COMPLAINTS BY COMPLAINANT DETAILS

	2019-20	2018-19	2017 18
Anonymous complainants	17	15	46
Provided on condition of anonymity	34	8	21
Named complainants	114	117	126
Total	165	140	193

² Thirty-four complaints were made by one individual, all of which were dismissed in accordance with section 35(1)(a) of the Act. A protocol has been implemented for handling such cases in the future.



FIGURE 2. COMPLAINT HANDLING FLOWCHART





TRIAGE

Complaints made to the Commission are carefully considered at the triage stage, the first step in complaint handling. The purpose of triage is to determine what action should be taken. As shown in Figure 2, triage has three main potential outcomes:

- referral for action
- dismissal, or
- acceptance of the complaint for assessment.

DISMISSING COMPLAINTS

The Commission may determine to dismiss a complaint upon initial receipt for a range of reasons, including that:

- it is not in the public interest for us to investigate the complaint³
- investigating the complaint would be an unjustifiable use of resources
- the complaint does not relate to our functions
- the complaint lacks substance or credibility
- the complaint is not made in good faith, or
- the complaint is frivolous or vexatious.

Furthermore, we generally will not duplicate or interfere with work that it considers is being, or has been, undertaken appropriately by another integrity entity or public authority.

The Commission dismissed 122 complaints upon initial receipt during 2019-20, consistent with the reasons outlined above.

REFERRING COMPLAINTS FOR ACTION

Referring complaints for action is an important element of our complaint handling function, as prescribed by the Act. The Commission may refer complaints following triage based on possible misconduct or where a public authority may need to consider relevant policies and procedures. We may also recommend that the matter be investigated.

³ Section 36(2) of the Act prescribes factors for making such a determination.

Depending on the nature of the allegations, we may refer complaints for action to:

- an appropriate integrity entity, including a parliamentary integrity entity
- the Commissioner of Police, or
- any other relevant public authority or person.

The Commission referred 27 complaints for action during 2019-20, inclusive of complaints referred at triage and those referred following assessment or investigation.

MONITORING REFERRED COMPLAINTS

Monitoring the status of referred complaints, including those referred after triage, assessment and investigation, enables us to assess whether appropriate action is taken and to monitor the capacity of public authorities to deal with misconduct. In some circumstances, we may determine to audit how the public authority has handled the complaint.

The Commission monitored 49 referred complaints during 2019-20, noting that monitoring may continue over successive reporting periods.

TABLE 5. TRIAGE OUTCOMES

	2019-20	2018-19	2017-18
Dismissed [s 35(1)(a)]	122	79	88
Referred for action [s 35(1)(c)]	16	20	42
Accepted for Assessment [s 35(1)(b)]	27	41	57
Total	165	140	189



PUBLIC INTEREST DISCLOSURES

One complaint was assessed as a protected disclosure under the *Public Interest Disclosures Act 2002* (Tas) (PID Act) in 2019-20. The Commission chose to deal with that matter under the *Integrity Commission Act*, in accordance with section 29A(a) of the *PID Act*.

Ombudsman Tasmania, as the authority responsible for administering the *PID Act*, did not refer any public interest disclosures to the Commission during the reporting period.

TABLE 6. PUBLIC INTEREST DISCLOSURES

	2019-20	2018-19	2017 18
Complaints assessed as protected disclosures	1	15	8
Protected disclosure referrals received	0	0	1

NOTIFICATIONS

Public authorities are encouraged to notify the Commission when they receive misconduct allegations or undertake internal misconduct investigations.

Different to misconduct complaints, notifications are an essential part of our ongoing research into misconduct management. They provide valuable insight into emerging misconduct trends and risks, as well as the capacity of public authorities to manage misconduct allegations.

The Commission received 54 notifications during 2019-20. Of these, 31 were received from Tasmania Police on the basis of the Memorandum of Understanding between police and the Commission. The remainder were all received from public authorities in the Tasmanian State Service.

TABLE 7. NOTIFICATIONS RECEIVED

	2019-20	2018-19	2017 18
Notifications	54	50	70
(Tasmania Police)	(31)	(35)	(28)



Entrusted to impartially investigate public sector misconduct, the Commission works to ensure good governance is defining the future of Tasmania.

In accordance with the Act, and consistent with the findings of the Independent Five-year Review,⁴ the Commission continued to focus its investigative resources on allegations of serious misconduct⁵ and matters involving designated public officers.⁶

In a decade of operating, the Commission has increasingly refined its approach to assessments and investigations – based on a deeper understanding of the Act and of Tasmania’s misconduct risks – resulting in a more strategic and effective application of resources.

Additionally, as we continue to build public sector capacity to deal effectively with misconduct, we are more able to refer complaints to agencies for them to address, while we provide appropriate monitoring.

The Commission has steadily increased the number of investigations it takes on, rising from two in its first year of operation to 10 last year. However investigations have been limited to four in 2019-20 due to factors that include COVID-related disruption to work practices and the leadership change.

During the reporting period, the Commission concluded 28 assessments, containing 200 allegations of public sector misconduct, and finalised five investigations. The Board determined that it was in the public interest to release two public reports in relation to these matters.

Summaries of assessments and investigations concluded during 2019-20, including the two matters released in the public interest, are provided in Appendix A. These summaries, along with status updates for current misconduct matters, are published at www.integrity.tas.gov.au.

⁴ The Independent Five-year Review of the Act was concluded in 2016 by the Hon William Cox, AC RFD ED QC. The final review report is available at www.integrityactreview.tas.gov.au.

⁵ Under the Act, serious misconduct means misconduct that could be a crime or an offence of a serious nature, or misconduct providing reasonable grounds for terminating a public officer’s appointment.

⁶ Designated public officer (“DPO”) is a term prescribed in section 6 of the Act. DPOs include Members of Parliament, members of a council, the principal officer of a public authority, statutory office-holders, commissioned police officers and senior executive officers.



ASSESSMENTS

Assessments are an important step in the Commission's investigative process. They focus on preliminary enquiries and information gathering, enabling us to determine whether allegations warrant investigation and if so, whether the Commission is the best agency to undertake the investigation.

We aim to complete assessments within 40 working days. The median duration of assessments in 2019-20 was 21 working days.

TABLE 8. ASSESSMENTS

	2019-20	2018-19	2017 18
Commenced	27	40	57
Concluded	28	48	49
Duration (median, working days)	21	19	19

ASSESSMENT OUTCOMES

Of the 28 assessments concluded during 2019-20, the Commission dismissed 23, referred two to the relevant public authority for action, and accepted three for investigation.

TABLE 9. CONCLUDED ASSESSMENT OUTCOMES

	2019-20	2018-19	2017 18
Dismissed [s 38(1)(a)]	23	31	24
Referred [ss 38(1)(b)-(f)]	2	7	2
Accepted for Investigation [s 38(1)(g)]	3	10	8
Total	28	48	34

INVESTIGATIONS

Investigations are conducted for the most serious misconduct allegations received by the Commission. The Act establishes our investigative processes, powers and priorities.

We aim to conduct investigations efficiently while maintaining a high quality of work. Misconduct investigations vary in complexity, and complex matters or those with multiple witnesses can absorb the Commission's resources. We take great care to ensure procedural fairness obligations are met and this can greatly lengthen the investigative process. The median duration of investigations concluded in 2019-20 was 205 working days, compared with 166 in 2018-19 and 125 in 2017-18.

TABLE 10. COMPLAINT INVESTIGATIONS

	2019-20	2018-19	2017 18
Commenced	3	10	8
Concluded	3	6	12

TABLE 11. OWN-MOTION INVESTIGATIONS

	2019-20	2018-19	2017 18
Commenced	2	1	1
Concluded	2	2	0



INVESTIGATIVE POWERS

The Commission's investigative powers are set out in the Act. These powers enable our investigators to take specific action to advance and maintain the integrity of investigations. This usually involves serving notices requiring persons to attend to give evidence, and to produce documents or written information. Generally, our investigators conduct their work with as little formality and technicality as possible.

TABLE 12. USE OF INVESTIGATIVE POWERS

	2019-20	2018-19	2017 18
Authorisation of external officers [s 21]	1	1	2
Coercive notices [s 47]	43 ⁷	61	30
Power to enter premises [s 50]	0	1	0
Search warrants [s 51]	0	0	0
Surveillance device warrants [s 53]	0	0	0
Total	44	63	32

⁷ One coercive notice was withdrawn.

APPLICATIONS FOR WARRANTS

The Commission, in the same manner as a law enforcement agency, can apply for warrants under the *Police Powers (Surveillance Devices) Act 2006* (Tas) and *Search Warrants Act 1997* (Tas).

No applications for a surveillance device or search warrant were made during the reporting period.

INSPECTION OF REGISTERS

The Commission continued to maintain records obtained under the *Police Powers (Surveillance Devices) Act 2006*, in accordance with the requirements of that Act.

No inspections were undertaken during the reporting period.



INVESTIGATION OUTCOMES

The Board determines the outcomes of investigations undertaken by the Commission, informed by recommendations from the CEO. In accordance with section 58 of the Act, the Board may decide to:

- dismiss a matter
- refer the investigation report to the relevant public authority for action, along with any recommendations
- require that the matter be further investigated
- recommend that the Premier establish a commission of inquiry, or
- undertake an inquiry by Integrity Tribunal.

An inquiry by an Integrity Tribunal is conducted in accordance with Part 7 of the Act, and is convened by the Chief Commissioner. The Commission is yet to determine to conduct such an inquiry.

Of five investigations concluded in 2019-20, the Board dismissed two and referred three for action.

The investigations are summarised in Appendix A.

TABLE 13. CONCLUDED INVESTIGATION OUTCOMES

	2019-20	2018-19	2017 18
Dismissed [s 58(2)(a)]	2	3	2
Referred for action [s 58(2)(b)]	3	3	0
Commission of Inquiry [s 58(2)(c)]	0	0	0
Integrity Tribunal [s 58(2)(e)]	0	0	0
Total	5	6	2

PUBLIC REPORTS

After determining the outcome of an investigation, the Board considers whether a report should be tabled in Parliament under section 11(3) of the Act. In making this decision, the Board considers the personal welfare, privacy and reputational concerns of the individuals involved, and whether those concerns outweigh the public interest in publishing the matter, including any potential educative or preventative value.

The Board determined to release two reports in the public interest in 2019-20. The two investigations are summarised in Appendix A. Copies of the public reports are available at www.integrity.tas.gov.au.

TABLE 14. PUBLIC REPORTS

	2019-20	2018-19	2017 18
Public reports	2	4	5

AUDITS

The Commission may decide to audit matters it refers for action, or matters notified to it by public authorities. Two such audits were undertaken during 2019-20, both as part of the Commission's ongoing oversight of Tasmania Police.

TABLE 15. AUDITS CONCLUDED

	2019-20	2018-19	2017 18
Audits concluded	2	3	1
(Tasmania Police)	(2)	(2)	(0)



INTERAGENCY LIAISON

In performing our complaint handling and investigation functions, we undertake regular liaison with other integrity, legal and regulatory entities. We do this to ensure our decisions are efficient, effective and informed.

For this purpose, we maintained arrangements with entities including:

- Local Government Division, Department of Premier and Cabinet
- Office of the Director of Public Prosecutions
- Ombudsman Tasmania
- Tasmania Police, and
- Tasmanian Audit Office.

POLICE OVERSIGHT PROGRAM

The Commission works to assure the public, and the police service itself, that police perform their roles in accordance with their values of integrity, equity and accountability.

Tasmania Police performs an important role in our society and our State. To be effective, police officers are granted extraordinary powers, including the ability to legally use force and apply discretionary powers of arrest.

For these reasons, the Commission's role in oversight of police is particularly important. Oversight of Tasmania Police during 2019-20 was achieved by:

- commencing a review of the *Abacus* conduct and complaint management policy
- monitoring referred and notified complaints, and
- auditing complaints managed by Tasmania Police.

REVIEW OF THE *ABACUS* CONDUCT AND COMPLAINT MANAGEMENT POLICY

Tasmania Police introduced the *Abacus* conduct and complaint management policy in 2018, following a joint review of the previous policy by the Commission and Tasmania Police.

In 2020, the Commission commenced a review of *Abacus*, focusing on how the policy is working in practice. The review, involving an audit of a cross-section of complaint files finalised under *Abacus*, is scheduled to conclude in 2020-21.

MONITORING REFERRED AND NOTIFIED COMPLAINTS

The Commission monitored complaints it referred to Tasmania Police to manage, as well as complaints notified to us by police under our memorandum of understanding (MoU). Under the MoU, police notify the Commission of all serious misconduct complaints and complaints made against police of inspector rank and above.

The MoU, signed in 2010, is currently under review.

AUDITS OF COMPLAINTS MANAGED BY TASMANIA POLICE

The Commission audited two complaints of alleged misconduct managed by Tasmania Police, both of which were complaints the Commission had previously referred for action.

The first matter concerned an alleged misuse of force. The second concerned an alleged failure of several officers to act in relation to a victim of domestic abuse. Both audits involved reviewing evidence and liaison with senior Tasmania Police personnel.

The Commission provided feedback to Tasmania Police in relation to both matters.

PREVENTING MISCONDUCT



Through education, support and advice, the Commission works with public authorities to build integrity and prevent misconduct.

Support for Principal Officers to meet the training requirements of section 32 of the Act continued to drive the Commission's prevention strategy in 2019-20. Our outreach program delivered strong outcomes, fostering effective partnerships with public authorities across the State.

Building on frameworks established in 2018-19, we increased the breadth, depth and frequency of our engagement. We more than doubled our face-to-face training activities compared to last year and engaged more public officers than ever before.

As detailed later in this section, we finalised the development of a next-generation online training program, *Integrity in Public Service*, and undertook wide-ranging research to establish an evidence base for sampling, training and evaluation.

Both initiatives are anticipated to deliver significant outcomes in 2020-21, leading to public-sector-wide adoption of online integrity training, and better and more effective learning experiences. Public authorities will also be better equipped, through insights gained in participant surveys, to address any follow-up required as a result of employee perceptions of integrity and misconduct.

PREVENTION HIGHLIGHTS

We actively increased our regional training presence, delivering 35 training sessions in the north and north-west, reaching 293 public officers from nine public authorities.

We continued our involvement with the Tasmania Police and Tasmania Prison Service recruit programs, reaching 46 prospective police officers and 64 prospective correctional officers.

For the first time, we partnered with the Tasmania Fire Service, contributing to two rotations of the firefighter recruit course, reaching 28 prospective firefighters.

In early 2020, the Commission partnered with Glenorchy City Council to deliver seven training sessions for its outdoor workforce, with 99 depot workers participating across six days. A further two training sessions were delivered for managers and early childhood educators.

We facilitated:

- a *Managing conflict of interest for integrity* workshop as part of the Local Government Association of Tasmania's *Elected Representative Professional Development Weekend*, engaging 58 elected representatives, and
- an *Ethical decision making: the importance of ethical conduct and misconduct avoidance* workshop for councillors at Flinders Council, as well as conflict of interest training for 26 public officers.

We delivered:

- fifteen fraud control sessions for King Island, West Tamar and George Town councils, reaching 26 elected representatives and 147 public officers, and
- service-wide decision-making training at the Campbell Town Health Centre for the Tasmanian Health Service, reaching 52 public officers across six sessions.

We partnered with:

- Metro Tasmania on the rollout of a new conflict of interest management framework, reaching 25 public officers across three sessions
- Department of Education to deliver management training at the Professional Learning Institute, bringing together 21 mid-to-high level managers, and



- a range of public authorities and teams to design and deliver custom integrity training and presentations, including Hobart City Council, Department of Police, Fire and Emergency Management, Launceston Community Nursing Service, Ambulance Tasmania and Macquarie Point Development Corporation.

Along with the leaders of six Australian anti-corruption, misconduct and integrity commissions, the Chief Commissioner participated in the Australian Public Sector Anti-Corruption Conference 2019 (APSACC 2019) integrity leaders' plenary session, *Behaviours that mask corruption across the public sector*.

Commission officers facilitated an additional two panel discussions at APSACC 2019, themed *Prevention approaches* and *Areas of corruption vulnerability: conflict of interest*.

EDUCATION AND TRAINING

Our education and training focuses on building integrity capacity and misconduct resilience for individuals and organisations at every level, as well as equipping public officers with the skills, knowledge and instruments to deal with misconduct as part of their core business.

TRAINING DELIVERY

The Commission delivered 67 workshops and presentations during 2019-20, reaching 959 public officers from 33 public authorities across the State.

TABLE 16. TRAINING DELIVERY OVERVIEW

	2019-20	2018-19	2017 18
Total sessions	67 ^a	35	46
Total attendees	959	684	676
Total public authorities	33	17	37

TABLE 17. TRAINING DELIVERY BY REGION

	2019-20	2018-19	2017 18
South	32	30	40
North	23	4	5
North-West	12	1	1
Interstate	-	-	1
Total	67	35	47

TABLE 18. TRAINING PARTICIPATION BY SECTOR

	2019-20	2018-19	2017 18
Tasmanian State Service	324	225	350
Tasmania Police	46	58	94
Local Government	551	222	159
Government Businesses	37	40	73
Tertiary Education Provider	10	16	-
Parliament	-	123	-
Other (outside jurisdiction)	-	225	350
Total	959	684	676

^a An additional 33 training sessions were cancelled due to restrictions imposed by COVID-19.



RESOURCES

Capacity building within the public sector underpins all of our activities, from handling complaints and making recommendations to delivering training and developing resources. The Commission relaunched its website in July 2019. Among a range of features, the new website makes it easier for users to access resources specific to their needs, including video scenarios, fact sheets, guides and templates.

INTEGRITY IN PUBLIC SERVICE ONLINE TRAINING PROGRAM

The Commission finalised its new online training program, *Integrity in Public Service*, in June 2020, following a successful pilot program involving public officers from 16 public authorities. The new program is expected to result in wider take-up of online training and more effective learning.

Drawing on extensive public sector-wide consultation and a decade of insight into Tasmania's misconduct risk areas, the program introduces the foundations of public sector integrity and raises awareness of local misconduct risks. Fully online, self-paced and easy-to-use, it aims to:

- support principal officers to work toward meeting the training requirements of section 32 of the Act
- establish initial integrity and misconduct risk awareness levels, fostering common understanding across the Tasmanian public sector, and
- provide a platform through which public officers can develop capacity building initiatives at their organisation – such as further training, communication or policy activities – and contribute to the Commission's research.

Integrity in Public Service replaces the Commission's legacy online training programs, which were completed almost 4,000 times by public officers from 25 public authorities.

The rollout of the new program is scheduled to start in November 2020.

RESEARCH AND EVALUATION

The Commission continued to monitor established and emerging misconduct risks, both locally and nationally, to inform the provision of high-level advice and development of prevention resources.

In the latter half of the reporting period, we undertook wide-ranging research to design, implement and evaluate a good practice sampling, training and evaluation process.

The three-month research program included:

- reviewing the evidence base for good practice adult education, training and evaluation
- sampling and benchmarking current perceptions of integrity and misconduct, and barriers and enablers among Tasmanian public officers and public authorities, and
- consolidating the Commission's instruments, processes, data and actions.

The research resulted in a range of strategic and operational recommendations that were endorsed by the Board for implementation in 2020-21.

CAPABILITY AND RESOURCES

The Commission is committed to fostering a supportive, values-driven workplace and developing an effective, skilled and resilient workforce.

CORONAVIRUS (COVID-19) PANDEMIC: RESPONSE

The Commission was proactive in its response to the emergence and progression of COVID-19. In early April 2020, following Federal and State Government advice, most Commission employees successfully transitioned to working from home, with a basic office presence maintained throughout the lockdown.

Restrictions imposed by COVID-19 had an initial impact on the Commission's core functions, particularly face-to-face training and some investigative activities. To prevent virus transmission and to protect the most vulnerable members of the community, we postponed all face-to-face activities indefinitely from March 2020.

Our return to work arrangement began in late June 2020, facilitated by a comprehensive safety plan. The plan, developed in accordance with WorkSafe Tasmania's *COVID Safe Workplace Guidelines – Public Administration*, will continue to be managed closely.

WORKFORCE

At 30 June 2020, the Commission employed 13.4 full-time equivalent (FTE) officers, including the Chief Commissioner and Chief Executive Officer. It also funded the role of the Parliamentary Standards Commissioner.⁹

The Commission is an agency for the purposes of the *State Service Act 2000* (Tas). Our employees are required to comply with the State Service Code of Conduct and principles, and receive training accordingly.¹⁰

The Commission approved two extended leave arrangements during 2019-20. Chief Executive Officer Richard Bingham retired on 6 April 2020, and Chief Executive Officer Michael Easton started his appointment on the same date.

⁹ Refer to the organisation chart on page 11.

¹⁰ The *State Service Act 2000* does not apply to the Chief Commissioner, the Board or the Parliamentary Standards Commissioner.

PERFORMANCE AND DEVELOPMENT

All Commission officers participated in an annual performance appraisal and development cycle during 2019-20. The process, adapted from the Department of Justice performance management system, aligns individual performance with the Commission's strategic and operational plans, and identifies relevant training and development opportunities.

TRAINING AND PARTICIPATION

Our mandatory annual training plan ensures that our staff are aware of their obligations as State Service employees and maintain contemporary skills and knowledge in relevant areas, from workplace health and safety to managing unconscious bias.

In addition to mandatory training, Commission officers undertook 34 training and development activities in 2019-20, including participation in industry conferences and forums:

- 7th Australian Public Sector Anti-Corruption Conference, Melbourne
- 2019 Bribery and Corruption Conference, International Society for the Reform of Criminal Law, *Modern approaches to an eternal problem*, Brisbane, and
- 2019 National Intelligence Network for Anti-Corruption and Integrity Agencies Forum, Perth.

WORKPLACE HEALTH AND SAFETY

The Commission adopted the Department of Justice Work Health and Safety Management System (WHSMS) framework in 2016 to meet requirements of the *Australian Standard AS/NZ 4801 Work Health and Safety Management Systems*.



Our WHS Plan establishes our priorities and key performance indicators. As noted earlier, the latter half of the reporting period was characterised by the restrictions imposed by COVID-19, presenting a range of WHS concerns which were addressed in our WHS Pandemic Response and Safety plans.

TABLE 19. INCIDENT REPORTS

	2019-20	2018-19	2017 18
Incident reports	1	0	0

TABLE 20. WORKERS COMPENSATION CLAIMS

	2019-20	2018-19	2017 18
Workers compensation claims	0	0	0

SECURITY VETTING

In addition to provisions of the Act and the *State Service Act 2000*, relevant Commission employees hold a national security clearance, administered by the Australian Government Security Vetting Agency (AGSVA).

Authorised persons and contractors of less than three months undergo a Short Term Access security clearance process, also administered by AGSVA.

COMMUNICATIONS

The Commission uses a range of methods to inform the public sector, including media releases, online resources and a quarterly newsletter, *Integrity Matters*.

Four media releases were issued in 2019-20: three to supplement the tabling of reports in Parliament and one joint communique from Australia's anti-corruption commissioners.

The Commission published four editions of the *Integrity Matters* newsletter to a growing subscriber base. Our increased outreach activities resulted in the acquisition of 126 new subscribers.

TABLE 21. WEBSITE USAGE

	2019-20	2018-19	2017 18
Visits	14,935	11,915	16,014
Page views	39,229	39,817	52,261

UNMASKING CORRUPTION IN PUBLIC INSTITUTIONS: JOINT COMMUNIQUE FROM AUSTRALIA'S ANTI-CORRUPTION COMMISSIONERS

In October 2019, the commissioners of nine Australian anti-corruption and law enforcement entities, including our Chief Commissioner, released a joint communique, *Unmasking corruption in public institutions*.

The communiqué, available at www.integrity.tas.gov.au, called on public sector leaders and organisations across the country to implement a range of practical measures to support increased detection, exposure and prevention of public sector misconduct.



PUBLICATIONS

The Commission released three publications in 2019-20. All publications are available at www.integrity.tas.gov.au and are catalogued in the Tasmanian Parliamentary Library, State Library of Tasmania and National Library of Australia.

TABLE 22. PUBLICATIONS REGISTER

Title	Date	Location	ISSN
<i>Report 3 of 2019: An investigation into alleged conflicts of interest within the Board of Tourism Tasmania</i>	8 August 2019	Online Parliament	Yes
<i>Integrity Commission Annual Report 2018-19</i>	15 October 2019	Online Parliament	Yes
<i>Report 4 of 2019: A summary report of an own-motion investigation into an alleged conflict of interest and improper use of position by a manager in the Department of Education</i>	31 October 2019	Online Parliament	Yes

INFORMATION MANAGEMENT AND TECHNOLOGY

The Commission continued to enhance its information management and technology capabilities during 2019-20, including delivery of a range of key technology projects.

We finalised the redevelopment of our public website, following successful collaborations with local suppliers in the preceding financial year. The newly developed website hosts a range of features to enhance user experience, including:

- device responsive and accessible design
- easy-to-use online complaint and notification forms, and
- an updated web content framework.

To enable the widespread delivery of the *Integrity in Public Service* online training program, we acquired an extended enterprise learning management system in 2020. The new platform – learn. integrity – has been implemented in collaboration with a local supplier. It ensures all Tasmanian public authorities can access and deliver the Commission’s online training.

We also focussed on upgrading our information security and case management processes and procedures, including implementation of a module to manage evidence and property received during investigations and audits.



BUDGET

The Commission operated with a budget of \$2.528m during 2019-20. We continued to monitor our budget carefully, ensuring the most appropriate and efficient use of resources.

Through non-salary expenditure savings, including supplies and consumables and deferral of other activities to 2020-21, the Commission was able to fund a series of key projects during the reporting period, including:

- finalisation of the Commission's website redevelopment, which initiated in late 2018-19
- implementation of the extended enterprise learning management system, and
- production of 26 short films for inclusion in the *Integrity in Public Service* online training module.

At the end of the reporting period, the Commission had a budget surplus of approximately \$21,000, largely due to a three-month staffing vacancy and the restrictions imposed by COVID-19. The Treasurer has given approval for the surplus to be rolled-forward to 2020-21 to produce additional resources for the Commission's online learning module.

COMPLIANCE

Table 23 sets out the Commission's legislative reporting requirements and refers to sections of this report where the relevant information is available.

The index complies with the annual reporting disclosure requirements of the:

- *Financial Management and Audit Act 1990* (FMAA)
- *Public Sector Superannuation Reform Act 2016* (PSSRA)
- *Public Interest Disclosures Act 2002* (PIDA)
- *Right to Information Act 2009* (RTIA)
- *State Service Regulations 2011* (SSR), and
- various Treasurer's Instructions (TI).

TABLE 23. COMPLIANCE INDEX

Requirement	Legislation	Section
Appeals process	SSR reg 9(c)(iii)	6
Auditor-General's Report on financial statements	FMAA s 27(1)(c)	7
Community awareness, services and publications	SSR reg 9(c)(i)	1-7
Contact officers and points of public access	SSR reg 9(c)(ii)	Inside covers, 3
Contracts and procurement	TI FR-4	6
Financial statements	FMAA s 27(1)(c)	7
Head of Agency certification	TI 205 cl (1)	7
Major initiatives	SSR reg 9(a)(v)	1-7
Occupational health and safety strategies	SSR reg 9(b)(vi)	6
Organisation chart	SSR reg 9(a)(ii)	1
Organisation structure	SSR reg 9(a)(iii)	1
Overview of strategic plan	SSR reg 9(a)(i)	1
Processes established to ensure employee participation in industrial relations matters and any disputes affecting the Agency	SSR reg 9(b)(iv)	6
Public interest disclosures	PIDA s 86	2
Right to information	RTIA s 23	6
Superannuation contributions	PSSRA s 13	6
Support for local business	TI 1111 cll (3)(a)-(b); TI 1213 cll (2), (3)(a)-(b)	6



INTERNAL AUDIT

The Risk and Audit Committee, which includes an external member, oversees the Commission's governance processes, including the management of information, finances and assets. Its role is to provide independent assurance and risk management advice to the Board and CEO.

In 2019-20, the Committee's focus areas were: a review of the Operations team's standard operating procedures; monitoring of risk registers; information security; reviewing internal control mechanisms; and business continuity planning.

GIFTS, BENEFITS AND HOSPITALITY

No offers of gifts, benefits or hospitality were received or given by the Commission during the reporting period.

RIGHT TO INFORMATION

The *Right to Information Act 2009 (Tas)* allows individuals to apply for information from public authorities. Information about the Commission's complaint handling and investigation functions is exempt under section 6 of that legislation.

The Commission received one RTI application during 2019-20.

CONTRACTS AND PROCUREMENT

The Commission ensures Tasmanian providers are given every opportunity to compete for its business. Our policy is to support local suppliers whenever they meet our criteria and offer the best value for money.

The Commission undertook a range of contracting activities during 2019-20, including awarding one contract with a value greater than \$50,000.

TABLE 24. CONTRACTS AWARDED

Name of Contractor	Location of Contractor	Description of Contract	Period of Contract	Total Value of Contract
HYPE TV Pty Ltd	Hobart, Tas	Video production services	December 2019 to April 2020	\$54,835.00

SERVICE LEVEL AGREEMENT: DEPARTMENT OF JUSTICE

The Commission maintained its Service Level Agreement (SLA) with the Department of Justice in 2019-20. Under the SLA, the department provides human resources, financial and information technology support. Adjusted for CPI, the cost of the SLA was \$184,369 in 2019-20.

COMPLAINTS ABOUT THE COMMISSION

Complaints about the actions of the Commission or its employees can be made to the Parliamentary Joint Standing Committee on Integrity. The committee did not refer any complaints to the Commission during 2019-20.



SUPERANNUATION CERTIFICATE

I, Michael Easton, Chief Executive Officer of the Integrity Commission, hereby certify that the Integrity Commission has met its obligations under the *Superannuation Guarantee (Administration) Act 1992* (Cth) in respect of those employees of the Commission who are members of complying superannuation schemes to which the Commission, through the Department of Justice under a Service Level Agreement, makes employer superannuation contributions.

Michael Easton
Chief Executive Officer

8 October 2020



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Statement of Certification

The accompanying Financial Statements of the Integrity Commission are in agreement with the relevant accounts and records and have been prepared in compliance with Treasurer's Instructions issued under the provision of the *Financial Management Act 2016* to present fairly the financial transactions for the year ended 30 June 2020 and the financial position as at the end of the year.

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



MICHAEL EASTON
CHIEF EXECUTIVE OFFICER
8 OCTOBER 2020



RACHAEL DANIELS
DIRECTOR, CORPORATE SERVICES
8 OCTOBER 2020



Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 Budget \$'000	2020 Actual \$'000	2019 Actual \$'000
Income from continuing operations				
Revenue from Government				
Appropriation revenue - recurrent	3.1	2 550	2 528	2 486
Other revenue from Government	3.1	-	7	27
Total income from continuing operations		2 550	2 535	2 513
Expenses from continuing operations				
Employee benefits	4.1	1 895	1 878	1 693
Depreciation and amortisation	4.2	286	264	95
Supplies and consumables	4.3	280	351	587
Finance costs	4.4	42	85	-
Other expenses	4.5	199	212	214
Total expenses from continuing operations		2 702	2 790	2 589
Net result		(152)	(255)	(76)
Comprehensive result		(152)	(255)	(76)

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

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.



Statement of Financial Position as at 30 June 2020

	Notes	2020 Budget \$'000	2020 Actual \$'000	2019 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	8.1	41	24	45
Receivables	5.1	9	9	20
<i>Non-financial assets</i>				
Leasehold improvements and equipment	5.2	-	27	86
Right-of-use assets	5.3	-	838	-
Intangible assets	5.4	31	39	62
Other assets	5.5	1 056	41	97
Total assets		1 137	978	310
Liabilities				
Payables	6.1	17	10	19
Lease liabilities	6.2	978	896	-
Employee benefits	6.3	378	363	323
Provisions	6.5	75	81	78
Other liabilities	6.6	-	-	7
Total liabilities		1 448	1 350	427
Net assets		(311)	(372)	(117)
Equity				
Accumulated funds		(311)	(372)	(117)
Total equity		(311)	(372)	(117)

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

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.



Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 Budget \$'000	2020 Actual \$'000	2019 Actual \$'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash inflows				
Appropriation receipts - recurrent		2 550	2 528	2 493
GST receipts		-	84	72
Total cash inflows		2 550	2 612	2 565
Cash outflows				
Employee benefits		(1 864)	(1 824)	(1 683)
GST payments		-	(72)	(82)
Supplies and consumables		(280)	(333)	(611)
Finance costs		(42)	(85)	-
Other cash payments		(199)	(207)	(212)
Total cash outflows		(2 385)	(2 521)	(2 588)
Net cash from (used by) operating activities	8.2	165	91	(23)
Cash flows from financing activities				
Cash outflows				
Repayment of lease liabilities (excluding interest)	8.3	(165)	(112)	-
Total cash out flows		(165)	(112)	-
Net cash from/ (used by) financing activities		(165)	(112)	-
Net increase/(decrease) in cash held and cash equivalents		-	(21)	(23)
Cash and deposits at the beginning of the reporting period		41	45	68
Cash and deposits at the end of the reporting period	8.1	41	24	45

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

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.



Statement of Changes in Equity for the year ended 30 June 2020

	Accumulated Funds \$'000	Total equity \$'000
Balance as at 1 July 2019	(117)	(117)
Total comprehensive result	(255)	(255)
Total	(255)	(255)
Balance as at 30 June 2020	(372)	(372)

	Accumulated Funds \$'000	Total equity \$'000
Balance as at 1 July 2018	(41)	(41)
Total comprehensive result	(76)	(76)
Total	(76)	(76)
Balance as at 30 June 2019	(117)	(117)

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



Notes to and forming part of the Financial Statements for the year ended 30 June 2020

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Note 1 Commission Output Schedules

1.1 Output Group Information

The Commission has a single Output called Integrity Commission which fulfils all of its statutory responsibilities. The summary of budgeted and actual revenues and expenses for this Output are the same as in the Statement of Comprehensive Income. Therefore, the inclusion of a separate Output Schedule is not necessary.

Note 2 Explanations of Material Variances between Budget and Actual Outcomes

Budget information refers to original estimates as disclosed in the 2019-20 Budget Papers and is not subject to audit.

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate or \$100,000. Budget information has not been subjected to audit.

2.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Supplies and consumables	(a)	280	351	71	25
Other expenses	(b)	199	212	13	6

Notes to Statement of Comprehensive Income variances

(a) The material variances in supplies and consumables are as follows:

- \$44,000 in expenditure to continue the development of a next generation, online learning module, *Integrity in the Public Sector* and \$18,000 to implement a Learning Management System, both not included in the original budget.
- \$7,000 for the installation of a new server rack and some minor building works, not included in the original budget.
- \$8,000 for the purchase of new furniture, not included in the original budget.
- Travel was \$5,000 under budget due to COVID-19 restricting the delivery of face-to face training.

(b) The variance relates primarily to minor increases in expenditure for security vetting, insurance, workers compensation, and also \$2,000 for expenditure to finalise a policy review project, not included in the budget.

2.2 Statement of Financial Position

Budget estimates for the 2019-20 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2019-20. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2019-20. The following variance analysis therefore includes major movements between the 30 June 2019 and 30 June 2020 actual balances.

	Note	Budget \$'000	2020 Actual \$'000	2019 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and Deposits	(a)	41	24	45	(17)	(21)
Receivables	(b)	9	9	20	-	(11)
Leasehold improvements and equipment	(c)	-	27	86	27	(59)
Right-of-use assets	(d)	-	838	-	838	838
Intangible	(e)	31	39	62	8	(23)
Other assets	(f)	1 056	41	97	(1 015)	(56)
Payables	(g)	17	10	19	7	(9)
Other liabilities	(h)	-	-	7	-	(7)



Notes to Statement of Financial Position variances

- (a) Cash and deposits is less than budget and 2019 actual to reflect the adjustment to the 2019-20 appropriation for the approved rollover of funds carried forward to 2020-21.
- (b) GST receivable is less at year end in 2020.
- (c) Leasehold improvements are classified as other assets in the budget papers. There are no new equipment or leasehold improvements in 2019-20. The variation between 2019 and 2020 relates to depreciation charged.
- (d) Right-of-use assets relates to recognition of leases as required under AASB 16. Refer note 5.3.
- (e) There are no new intangible assets in 2019-20. The variation between 2019 and 2020 actuals relates to amortisation charged.
- (f) As noted in 2.2(c) other assets include leasehold improvements in the budget papers, as well as right-of-use assets as per note 2.2(d).
- (g) Accrued expenses and creditors are less at year end in 2020.
- (h) The unbudgeted item in other liabilities in 2019 is the income that was received in advance under S8A(2) of the *Public Account Act 1986* for the approved carry forwards for expenditure on the online learning module *Integrity in the Public Sector*.

2.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
GST receipts	(a)	-	84	84	100
GST Payment	(a)	-	72	72	100
Supplies and consumables	(b)	280	333	53	19
Other cash payments	(c)	199	207	8	4

Notes to Statement of Cash Flows variances

- (a) The budget did not include GST receipts or payments.
- (b) The variance in supplies and consumables primarily relates to \$44,000 to continue the development of a next generation, online learning module, *Integrity in the Public Sector* and \$18,000 to implement a Learning Management System, both not included in the original budget.
- (c) The variance relates primarily to minor increases in expenditure for security vetting, insurance, workers compensation, and also \$2,000 for expenditure to finalise a policy review project, not included in the budget.

Note 3 Revenue

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Until 30 June 2019, income is recognised in accordance with AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions.

From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15.

3.1 Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Commission gains control of the appropriated funds. Revenue from Government includes revenue from appropriations and appropriations carried forward under section 8A of the *Public Account Act 1986*.

Revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986* and Items Reserved by Law.

As a result of the commencement of the Financial Management Act, from 2020-21 Revenue from Government will include revenue from appropriations, unexpended appropriations rolled over under section 23 of the *Financial Management Act 2016* and Items Reserved by Law.



The Budget information is based on original estimates and has not been subject to audit.

	2020 Budget \$'000	2020 Actual \$'000	2019 Actual \$'000
Appropriation revenue - recurrent Current year	2 550	2 528	2 486
	2 550	2 528	2 486
Revenue from Government - other Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year	-	7	27
	-	7	27
Total revenue from Government	2 550	2 535	2 513

Section 8A(2) of the *Public Account Act 1986* allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

Section 23 of the *Financial Management Act* allows for an unexpended appropriation at the end of the financial year, as determined by the Treasurer, to be issued and applied from the Public Account in the following financial year. The amount determined by the Treasurer must not exceed five per cent of an Agency's appropriation for the financial year. Rollover of unexpended appropriations under section 23 will be disclosed under the *Financial Management Act* for the first time in 2020-21.

Note 4 Expenses

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

4.1 Employee Benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(a) Employee expenses

	2020 \$'000	2019 \$'000
Wages and salaries	1 644	1 465
Superannuation - defined contribution schemes	185	174
Superannuation - defined benefit schemes	11	13
Other employee expenses	38	41
Total	1 878	1 693

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.95 per cent (2019: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation funds at a rate of 9.5 per cent (2019: 9.5 per cent) of salary. In addition, the Commission is also required to pay into to Treasury a "gap" payment equivalent to 3.45 per cent (2019: 3.45 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

2020	Short-term benefits		Long-term benefits		Termination Benefits	Total
	Salary	Other Benefits ¹	Super annuation	Leave Benefits ²		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key management personnel						
Greg Melick, Chief Commissioner	137	-	13	-	-	150
Michael Easton, Chief Executive Officer (from 7 April 2020)	52	-	5	5	-	62
Richard Bingham, Chief Executive Officer (Resigned as at 6 April 2020)	126	17	13	(24)	-	132
Luppo Prins, Board Member	16	-	1	-	-	17
Robert Winter, Board Member	16	-	1	-	-	17
Phil Foulston, Board Member	16	-	1	-	-	17
Total	363	17	34	(19)	-	395
<hr/>						
2019	Short-term benefits		Long-term benefits		Termination Benefits	Total
	Salary	Other Benefits ¹	Super annuation	Leave Benefits ²		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key management personnel						
Greg Melick, Chief Commissioner	131	-	12	-	-	143
Richard Bingham, Chief Executive Officer	153	18	15	9	-	195
Luppo Prins, Board Member	16	-	1	-	-	17
David Hudson, Board Member (Resigned as at 25 July 2018)	1	-	-	-	-	1
Elizabeth Gillam, Board Member (Resigned as at 25 July 2018)	1	-	-	-	-	1
Robert Winter, Board Member (from 18 July 2018)	15	-	1	-	-	16
Phil Foulston, Board Member (from 18 July 2018)	15	-	1	-	-	16
Total	332	18	30	9	-	389

¹ Other includes car and car parking benefits.

² Leave Benefits include movements in long service leave and annual leave.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly.

Integrity Commission Board and Chief Executive Officer

The Integrity Commission Board and Chief Executive Officer comprise the key management personnel at the Integrity Commission. The Board is chaired by the Chief Commissioner and has three appointed members.

Details of the Commission's remuneration arrangements for its key management personnel are as follows:

- The remuneration policy is in line with Senior Executive Service arrangements for the Chief Executive Officer, and instruments of appointment pursuant to and in accordance with sections 14 and 15 of the *Integrity Commission Act 2009* for the Chief Commissioner and the appointed Board members.
- In the case of the Chief Commissioner and the Chief Executive Officer, contractual arrangements allow for the provision of a motor vehicle, superannuation contributions and reimbursement of reasonable expenses incurred on official business. Contractual arrangements allow for reimbursement for appointed Board members of reasonable expenses incurred on official business.
- The Chief Executive Officer is provided with car parking.
- Upon retirement, the Chief Executive Officer is paid employee benefit entitlements accrued to the date of retirement. In the event of any redundancy, the Chief Executive Officer is paid in accordance with their instrument of appointment.



(c) Related Party Transactions

There are no material related party transactions requiring disclosure.

4.2 Depreciation and Amortisation

All applicable Non-current assets having a limited useful life are systematically depreciated or amortised over their useful lives in a manner which reflects the consumption of their service potential. The Commission makes a judgement that all of its assets are consumed in an equal pattern over their useful life, and as a result depreciation and amortisation are provided for on a straight line basis, using lives which are reviewed annually. The useful lives of each class of asset are as follows:

Leasehold Improvements 10 years
Equipment 5 years

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Commission. Major amortisation rates are:

Software 5 years

Right-of-use assets

A right-of-use asset is a lessee's right to use an asset over the life of a lease. The Commission has entered into a leasing arrangement for its premises at 199 Macquarie St for a period of 5 years, to be amortised over the period of the lease. Refer also to notes 5.3 and 11.5(a).

	2020 \$'000	2019 \$'000
(a) Depreciation		
Leasehold improvements - depreciation	59	59
Right-of-use assets - depreciation	170	-
Total depreciation	229	59
(b) Amortisation		
Intangibles - amortisation	23	23
Lease make-good - amortisation	12	13
Total amortisation	35	36
Total Depreciation and Amortisation	264	95

4.3 Supplies and Consumables

	2020 \$'000	2019 \$'000
Audit fees - external financial audit	12	12
Audit fees - internal audit	9	11
Motor vehicle leases	5	5
Rent of premises	-	190
Consultants	82	67
Property services	35	51
Communications	15	15
Information technology	117	111
Travel and transport	21	30
Advertising and promotion	4	2
Printing	1	-
Personnel expenses	2	38
Plant and equipment	16	27
Office requisites	2	3
Other supplies and consumables	30	25
Total	351	587



The external audit fee for 2019-20 is \$12,080 (\$12,080 for 2018-19).

Operating costs in 2019 included \$199,656 for rent of premises. Lease operating costs are no longer included in the Statement of Comprehensive Income, with the accommodation lease costs now recognised as a liability in the Statement of Financial Position. Refer notes 6.2 and 11.5(a).

4.4 Finance costs

All finance costs are expensed as incurred using the effective interest method.

Finance costs include lease charges. Refer also to note 11.5(a).

	2020 \$'000	2019 \$'000
Interest on lease liabilities	85	-
Total finance costs	85	-

4.5 Other Expenses

Expenses from activities other than those identified above are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

	2020 \$'000	2019 \$'000
Salary on costs	14	13
Corporate support provided by the Department of Justice	184	182
Other expenses	14	19
Total	212	214

Note 5 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Commission and the asset has a cost or value that can be measured reliably.

5.1 Receivables

The Commission recognises receivables at amortised cost using the effective interest method. Any subsequent changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process. The Commission recognises an allowance for expected credit losses for all debt financial assets not held at fair value through profit and loss. The expected credit loss is based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the Commission applies a simplified approach in calculating expected credit losses. The Commission recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Commission has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.



The only receivables recognised by the Commission at 30 June 2020 (and 30 June 2019) relate to GST credits receivable from the ATO.

	2020 \$'000	2019 \$'000
Tax assets	9	20
Total	9	20
Settled within 12 months	9	20
Total	9	20

As the Commission does not generally have trade receivables, only Tax assets in any given year, there is no expected impairment or credit loss on those receivables.

5.2 Leasehold Improvements and Equipment

(i) Valuation basis

All Non-current physical assets are recorded at historic cost less accumulated depreciation and impairments if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. All assets within a class of assets are measured on the same basis.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvements and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of leasehold improvements and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Commission and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of leasehold improvements and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Commission for non-current physical assets is \$10,000. Assets acquired at a cost of less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(a) Carrying amount

	2020 \$'000	2019 \$'000
Leasehold improvements		
At cost	583	583
Less: Accumulated depreciation	(557)	(497)
Total Leasehold improvements	27	86
Total Leasehold Improvements and Equipment	27	86



(b) Reconciliation of movements

2020	Leasehold Improvements \$'000	Total \$'000
Carrying amount at 1 July	86	86
Depreciation expense	(59)	(59)
Carrying amount at 30 June	27	27
<hr/>		
2019	Leasehold Improvements \$'000	Total \$'000
Carrying amount at 1 July	145	145
Depreciation expense	(59)	(59)
Carrying amount at 30 June	86	86

5.3 Right-of-use Assets

From 1 July 2019, AASB 16 requires the Commission to recognise a right of use asset, where it has control of the underlying asset over the lease term. A right of use asset is measured at the present value of initial lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site. Right-of-use assets includes assets in respect of leases previously treated as operating leases under AASB 117, and therefore not recognised on the Statement of Financial Position.

The Commission has elected not to recognise right-of-use assets and lease liabilities arising from short term leases, rental arrangements for which the Department of Treasury and Finance has substantive substitution rights over the assets and leases for which the underlying asset is of low value. Substantive substitution rights relate primarily to office accommodation. An asset is considered low value when it is expected to cost less than \$10 000.

Right-of-use assets are depreciated over the shorter of the assets useful life and the term of the lease. Where the Commission obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the Commission will exercise a purchase option, the Commission depreciates the right-of-use asset over its useful life.

2020	Buildings \$'000	Total \$'000
Carrying value at 1 July	1,008	1,008
Additions	-	-
Disposals / de-recognition	-	-
Depreciation	(170)	(170)
Carrying value at 30 June	838	838

5.4 Intangible Assets

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the Commission; and
- the cost of the asset can be reliably measured.

Intangible assets held by the Commission are valued at cost less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.



(a) Carrying amount

	2020 \$'000	2019 \$'000
Intangible assets		
At cost	261	261
Accumulated amortisation	(222)	(199)
Total Intangible assets	39	62

(b) Reconciliation of movements

2020	Intangible Assets \$'000	Total \$'000
Carrying amount at 1 July	62	62
Amortisation expense	(23)	(23)
Carrying amount at 30 June	39	39
2019	Intangible Assets \$'000	Total \$'000
Carrying amount at 1 July	85	85
Amortisation expense	(23)	(23)
Carrying amount at 30 June	62	62

5.5 Other Assets

Other assets comprise prepayments and lease make-good. Prepayments relate to actual transactions that are recorded at cost with the asset at balance date representing the un-utilised component of the prepayment.

	2020 \$'000	2019 \$'000
Other current assets		
Prepayments	41	85
Total	41	85
Other non-current assets		
Lease make-good	65	65
Less: accumulated amortisation	(65)	(53)
Total	-	12
Utilised within 12 months	41	97
Total other assets	41	97



Note 6 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

6.1 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Commission becomes obliged to make future payments as a result of a purchase of assets or services.

	2020 \$'000	2019 \$'000
Creditors	-	8
Accrued expenses	10	11
Total	10	19
Settled within 12 months	10	19
Total	10	19

Settlement is usually made within 30 days.

6.2 Lease Liabilities

On 1 July 2019, a lease liability is measured at the present value of the lease payments that are not paid at that date. The discount rate used to calculate the present value of the lease liability is the rate implicit in the lease. Where the implicit rate is not known and cannot be determined the Tascorp indicative lending rate including the relevant administration margin is used.

The Commission has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases, rental arrangements for which the Department of Treasury and Finance has substantive substitution rights over the assets and leases for which the underlying asset is of low value. Substantive substitution rights relate primarily to office accommodation. An asset is considered low-value when it is expected to cost less than \$10 000.

The Commission has entered into the following leasing arrangements:

Class of right-of-use asset	Details of leasing arrangements
Building	Office Accommodation at 199 Macquarie Street, Hobart

The Commission's leasing arrangement is for five years. The Commission makes a number of assumptions regarding CPI and interest rates which it uses to calculate the present value of the lease liability. The Commission retains a provision for lease make-good which is included in note 6.5.

	2020 \$'000
Current	
Lease liabilities	132
Non-current	
Lease liabilities	764
Total	896



The following amounts are recognised in the Statement of Comprehensive Income

	2020
	\$'000
Current	
Interest on lease liabilities in note 4.4	85
Lease expenses included in note 7.1:	
Short term and/or low-value leases	10
Variable lease payments	-
Net expenses from leasing activities	95

6.3 Employee Benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material. The Commission makes an assumption that all staff annual leave balances less than 20 days will be settled within 12 months, and therefore valued at nominal value, and balances in excess of 20 days will be settled in greater than 12 months and therefore calculated at present value.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The Commission makes a number of assumptions regarding the probability that staff who have accrued long service leave, but are ineligible to take it will remain with the Commission long enough to take it. For those staff eligible to take their long service leave, the Commission assumes that they will utilise it evenly over the following ten years. All long service leave that will be settled within 12 months is calculated at nominal value and all long service leave that will be settled in greater than 12 months is calculated at present value.

	2020	2019
	\$'000	\$'000
Accrued salaries	27	13
Annual leave	118	97
Long service leave	218	213
Total	363	323
Utilised within 12 months	127	108
Utilised in more than 12 months	236	215
Total	363	323

6.4 Superannuation

(i) Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution schemes are recognised as an expense when they fall due.

(ii) Defined benefit schemes

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme.

The Commission does not recognise a liability for the accruing superannuation benefits of Commission employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.



6.5 Provisions

A provision arises if, as a result of a past event, the Commission has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

	2020 \$'000	2019 \$'000
Provision for lease make-good	81	78
Total	81	78
Utilised in more than 12 months	81	78
Total	81	78

The lease make-good provision provides for work to be carried out at the expiry of the lease period in 2025, to restore the current premises to the original condition prior to fit out by the Commission. This provision is measured at present value.

6.6 Other Liabilities

Other liabilities are recognised in the Statement of Financial Position when it is probable that the outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

	2020 \$'000	2019 \$'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	-	7
Total	-	7
Settled within 12 months	-	7
Total	-	7

Section 8A(2) of the *Public Account Act* allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended



Note 7 Commitments and Contingencies

7.1 Schedule of Commitments

In 2018-19, the Commission had entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments were charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

Operating costs in 2019 included \$199,656 for rent of premises, reflected in the table below in 2018-19 commitment by type (short-term commitments) and by maturity (one year or less). Lease operating costs are no longer included in the Statement of Comprehensive Income, with the accommodation lease costs now recognised as a liability in the Statement of Financial Position. Refer notes 6.2 and 11.5(a).

From 2019-20, leases are recognised as right-of-use assets and lease liabilities in the Statement of Financial Position, excluding short term leases and leases for which the underlying asset is of low value, which are recognised as an expense in the Statement of Comprehensive Income.

	2020 \$'000	2019 \$'000
By type		
<i>Lease Commitments</i>		
Short-term and/or low-value leases	7	25
Operating leases	-	199
<i>Total lease commitments</i>	7	224
<i>Other commitments</i>		
Office cleaning contract	18	6
Motor vehicles	3	-
Other contracts	-	5
<i>Total other commitments</i>	21	11
By maturity		
<i>Operating lease commitments</i>		
One year or less	5	220
From one to five years	2	4
<i>Total operating lease commitments</i>	7	224
<i>Other commitments</i>		
One year or less	15	11
From one to five years	6	-
<i>Total other commitments</i>	21	11
Total	28	235

The Operating Lease commitments include minor information technology equipment leases.

The Commission has entered into operating lease agreements for equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the equipment.

7.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding the amount or timing of the underlying claim or obligation.

(a) Quantifiable contingencies

A quantifiable contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-



occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(b) Unquantifiable contingencies

The Commission currently has a matter requiring legal advice. There is a potential for financial liability however this is presently unquantifiable.

Note 8 Cash Flow Reconciliation

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

The Commission has an overdraft facility on its account to allow for the delay in receiving reimbursement for GST payments from the Australian Taxation Office.

8.1 Cash and Deposits

Cash and deposits include the balance of the Financial Management Account held by the Commission within the Public Account.

	2020 \$'000	2019 \$'000
Special Deposits and Trust Fund balance		
T527 Integrity Commission Operating Account	-	45
S527 Integrity Commission Operating Account	24	-
Total cash and deposits	24	45

8.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2020 \$'000	2019 \$'000
Net result	(255)	(76)
Depreciation and amortisation	264	95
Decrease (increase) in Receivables	11	(11)
Decrease (increase) in Prepayments	44	(24)
Increase (decrease) in Employee entitlements	40	7
Increase (decrease) in Payables	(9)	4
Increase (decrease) in Provisions	3	3
Increase (decrease) in Other liabilities	(7)	(21)
Net cash from (used by) operating activities	91	(23)

8.3 Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financial activities.

	Lease Liabilities \$'000
Balance as at 1 July 2019	1 008
Changes from financing cash flows:	
Cash Repayments	(112)
Balance as at 30 June 2020	896



Note 9 Financial Instruments

9.1 Risk Exposures

(a) Risk management policies

The Commission has exposure to the following risks from its use of financial instruments:

- credit risk; and
- liquidity risk.

The Chief Executive Officer, with the advice of the Commission's Risk and Audit Panel, has overall responsibility for the establishment and oversight of the Commission's risk management framework. Risk management policies are continuing to be established to identify and analyse risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(b) Credit risk exposures

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables	Receivables are recognised at amortised cost, less any expected credit losses, however, due to the short settlement period, receivables are not discounted back to their present value.	Receivables recognised by the Commission at 30 June 2020 relate to GST receivable from the ATO.
Cash and deposits	Deposits are recognised at amortised cost, being their face value.	Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. The Commission has an overdraft facility on its account to allow for the delay in receiving reimbursement for GST payments from the ATO.

The Commission had no financial assets at either balance date that were past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Payables are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Commission becomes obliged to make future payments as a result of a purchase of assets or services.	Payables, including goods received and services incurred but not yet invoiced, arise when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. As per Treasurer's Instruction FC-7, the Commission pays within suppliers' credit terms. Where no credit terms are specified, the Commission's policy is to pay within 30 days.
Lease Liabilities	Lease liabilities are measured at the present value of the lease payments that are not paid at that date	The discount rate used to calculate the present value of the lease liability is the rate implicit in the lease. Where the implicit rate is not known and cannot be determined the Tascorp indicative lending rate including the relevant administration margin is used.



The following tables detail the undiscounted cash flows payable by the Commission by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position: Refer to notes 6.2 and 11.5(a) for further information in relation to lease liabilities.

2020

Maturity analysis for financial liabilities							
	1 Year	2 Year	3 Year	4 Year	5 Years	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities							
Payables	10	-	-	-	-	10	10
Lease liabilities	206	217	227	239	229	1 118	896
Total	216	217	227	239	229	1128	906

2019

Maturity analysis for financial liabilities			
	1 Year	Undiscounted Total	Carrying Amount
	\$'000	\$'000	\$'000
Financial liabilities			
Payables	19	19	19
Total	19	19	19

9.2 Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2020	2019
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	24	45
Amortised cost	9	20
Total	33	65
Financial Liabilities		
Financial liabilities measured at amortised cost	906	19
Total	906	19

The operating lease for rent of premises, previously expensed, is now recognised as a lease liability. Refer to notes 6.2 and 11.5(a) for further information in relation to lease liabilities.



9.3 Comparison between Carrying Amount and Net Fair Values of Financial Assets and Liabilities

	Carrying Amount 2020 \$'000	Net Fair Value 2020 \$'000	Carrying Amount 2019 \$'000	Net Fair Value 2019 \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	24	24	45	45
Receivables	9	9	20	20
Total financial assets	33	33	65	65
Financial liabilities				
Accrued expenses	10	10	19	19
Lease liabilities	896	896	-	-
Total financial liabilities	906	906	19	19

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair value of receivables is recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

Financial Liabilities

The net fair values for trade creditors and lease liabilities are approximated by their carrying amounts.

The operating lease for rent of premises, previously expensed, is now recognised as a lease liability. Refer to notes 6.2 and 11.5(a) for further information in relation to lease liabilities.

9.4 Net Fair Values of Financial Assets and Liabilities

2020	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	24	-	-	24
Receivables	9	-	-	9
Total financial assets	33	-	-	33
Financial liabilities				
Accrued Expenses	10	-	-	10
Lease liabilities	896	-	-	896
Total financial liabilities	906	-	-	906



2019	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
Financial assets				
Cash in Special Deposits and Trust Fund	45	-	-	45
Receivables	20	-	-	20
Total financial assets	65	-	-	65
Financial liabilities				
Accrued Expenses	19	-	-	19
Total financial liabilities	19	-	-	19

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Commission uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets;

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Note 10 Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on the Commission's Financial Statements as at 30 June 2020.

Note 11 Other Significant Accounting Policies and Judgements

11.1 Objectives and Funding

The Integrity Commission (the Commission) was established by the *Integrity Commission Act 2009* and started operation on 1 October 2010 with its start-up phase being from June 2010. The Commission's role is to improve the standard of conduct, propriety and ethics in the public sector through:

- Education and training to prevent misconduct and develop resistance to misconduct;
- Building the capacity of the public sector to prevent and address misconduct;
- Providing an effective mechanism for misconduct complaints to be addressed; and
- Promoting integrity by providing advice on issues of integrity and ethical conduct across the public sector and developing codes of conduct.

The Commission's primary focus, under its legislation, is on education, advice and prevention of public officer misconduct to strengthen the confidence of Tasmanians in the capacity of the State's public authorities to operate ethically and with propriety.

The Commission also deals with complaints of misconduct which, in some instances, may lead to investigations, and has the power to monitor and audit internal investigation processes conducted by public authorities.

The Commission is overseen by a Board that comprises the Chief Commissioner and three other members, with specialist expertise.

The Commission's activities are classified as controlled as they involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Commission in its own right.



The Commission is funded through Parliamentary appropriations. The financial statements encompass all funds through which the Commission controls resources to carry on its functions.

11.2 Basis of Accounting

The Financial Statements were signed by the Chief Executive Officer and Director, Corporate Services on 8 October 2020.

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB); and
- The Treasurer's Instructions issued under the provisions of the *Financial Management Act 2016*.

Compliance with the AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Commission is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are consistent with the previous year except for those changes outlined in note 11.5.

The Financial Statements have been prepared on the basis that the Commission is a going concern. The continued existence of the Commission in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for the Commission's administration and activities. It is also noted that, because the Commission is not funded for depreciation or to meet employee annual or long service leave not taken in the normal course of events, support will be needed to fund asset replacements and leave entitlements as outlined.

11.3 Reporting Entity

The Financial Statements include all the controlled activities of the Commission.

11.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Commission's functional currency.

11.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, the Commission has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 15 *Revenue from Contracts with Customers* - This Standard establishes principles that require an entity to apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Standard requires the Commission to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the Standard requires relevant disclosures.

The Commission has adopted AASB 15 retrospectively with the cumulative effect of applying the Standard recognised from 1 July 2019 by adopting the transitional practical expedient permitted by the Standard.

There is no financial impact on the Commission's financial statements from the adoption of AASB 15.

- AASB 16 *Leases* - This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities. The standard results in most of the Commission's operating leases being brought onto the Statement of Financial Position and additional note disclosures. The calculation of the lease liability takes into account appropriate discount rates, assumptions about the lease term, and required lease payments.



A corresponding right to use asset is recognised, which is amortised over the term of the lease. Operating lease costs are no longer shown. In the Statement of Comprehensive Income, impact of leases is through amortisation and interest charges. In the Statement of Cash Flows, lease payments is shown as cash flows from financing activities instead of operating activities. The Commission has adopted AASB 16 retrospectively with the cumulative effect of applying the standard recognised from 1 July 2019 by adopting the transitional practical expedient permitted by the Standard.

The Commission elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10 000 or under when new (low value assets).

In applying AASB 16 for the first time, the Commission has used the following practical expedients permitted by the Standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application;
- excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adopting AASB 16 on the Statement of Financial Position is as follows:

	\$'000
Assets	
Right-of-use assets	1 008
Liabilities	
Lease liabilities	1 008
Equity	
Accumulated funds	-

Reconciliation of operating lease commitments as at 30 June 2019 to lease liabilities on 1 July 2019:

	\$'000
Operating lease commitments as at 30 June 2019 (ex GST)	224
Weighted average incremental borrowing rate as at 1 July 2019	8.84%
<i>Reconciliation:</i>	
Discounted operating lease commitments as at 1 July 2019	196
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	837
Less practical expedients:	
Commitments relating to leases of low-value assets	(25)
Lease liabilities as at 1 July 2019	1 008

- AASB 1058 *Income of Not for Profit Entities* - This Standard establishes principles for not for profit entities that applies to transactions where the consideration to acquire an asset is significantly less than fair value, principally to enable a not for profit entity to further its objectives, and the receipt of volunteer services.

The timing of income recognition under AASB 1058 depends on whether a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to an asset (such as cash or another asset) received. If the transaction is a transfer of a financial asset to enable the Commission to acquire or construct a recognisable non-financial asset to be controlled by the Commission (i.e. an in substance acquisition of a non-financial asset), the Commission recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The Commission will recognise income as it satisfies its obligations under the transfer, similarly to income recognition in relation to performance obligations under AASB 15.

Revenue recognition for the Commission's grants and contributions will not change under AASB 1058, as compared to AASB 1004. Revenue will continue to be recognised when the Commission gains control of the asset (e.g. cash or receivable) in most instances.



Under AASB 1058, the Commission will recognise any volunteer services only when the services would have been purchased if they had not been donated, and the fair value of the services can be measured reliably. This treatment is the same as in prior years.

The Commission has adopted AASB 1058 retrospectively with the cumulative effect of applying the Standard recognised from 1 July 2019 by adopting the transitional practical expedient permitted by the Standard. The Commission has also adopted the transitional practical expedient as permitted by the Standard, whereby existing assets acquired for consideration significantly less than fair value principally to enable the entity to further its objectives, remain recorded at cost and are not restated to their fair value. There is no effect of adopting AASB 1058 on the Commission's financial statements.

(b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 1059 *Service Concession Arrangements: Grantors* – The objective of this Standard is to prescribe the accounting for a service concession arrangement by a grantor that is a public sector entity. This Standard applies on or after 1 January 2020. The impact of this Standard is enhanced disclosure in relation to service concession arrangements for grantors that are public sector entities. There is no financial impact.

11.6 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

11.7 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

11.8 Budget Information

Budget information refers to original estimates as disclosed in the 2019-20 Budget Papers and is not subject to audit.

11.9 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

11.10 Commission Taxation

The Commission is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

11.11 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the ATO is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

Note 12 Principal Address and Registered Office

The Integrity Commission is located at:
Surrey House
Level 2
199 Macquarie Street
Hobart TASMANIA 7000



Independent Auditor's Report

To the Members of Parliament

Integrity Commission

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Integrity Commission (the Commission), which comprises the statement of financial position as at 30 June 2020, statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the Chief Executive Officer.

In my opinion, the accompanying financial statements:

- (a) present fairly, in all material respects, the Commission's financial position as at 30 June 2020 and its financial performance and its cash flows for the year then ended
- (b) are in accordance with the *Financial Management Act 2016* and Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in the Commission's financial statements.

Responsibilities of the Chief Executive Officer for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and the financial reporting requirements of Section 42 (1) of the *Financial Management Act 2016*. This responsibility includes such internal control as determined necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Commission'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 Commission is to be dissolved by an Act of Parliament, or the Chief Executive Officer intends to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives 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 the 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 this financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Stephen Morrison
Assistant Auditor General Financial Audit Services
Delegate of the Auditor-General

Tasmanian Audit Office

12 October 2020
Hobart

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APPENDIX A. SUMMARIES OF INVESTIGATIONS AND ASSESSMENTS CONCLUDED IN 2019-20

INVESTIGATIONS

Diamond

Sector:	Local government
Respondent level:	Designated Public Officer – Elected Representatives, Principal Officer
Principal allegation(s):	Conflicts of interest in recruitment

Investigation Diamond considered an allegation that a former council general manager created and obtained funding for a new position, to which they were later appointed. It was also alleged that the Mayor and Deputy Mayor had failed to manage conflicts of interest in the recruitment and selection process for the new position.

Our investigation found that the allegation against the former General Manager was unsubstantiated. There was a legitimate need for creation of the role, and there was no evidence that remuneration for the position was excessive. The individual had disclosed to the Mayor the intention to apply for the role, and was not required under the *Local Government Act* to make a formal written declaration about any conflict of interest. It was found, however, that it had been inappropriate for the former General Manager to give advice about the recruitment and selection processes after deciding to apply.

Our investigation found that neither of the elected representatives were biased during the recruitment and selection process but that the Mayor – who had taken steps to remove the former General Manager from the recruitment process – had failed to inform other councillors of the individual's intention to apply for the role before they approved funding for the position.

While the complaint was dismissed, the governance issues identified during the investigation were raised with the Council's principal officer.

Outcome: Dismissed

Eliza

Sector:	Tasmanian State Service
Respondent level:	Designated Public Officer
Principal allegation(s):	Failure to declare private interests

Investigation Eliza arose from four complaints alleging conflicts of interest by the Tourism Tasmania Board of Directors Chair, James Cretan, and one member, Ian Rankine, primarily in relation to their interests in the proposed kunanyi / Mount Wellington cable car and the Cradle Mountain area.

The allegations included failures to properly disclose a pecuniary interest to the Board and the Tasmanian Government, failures to disclose a conflict of interest at Board and Wellington Park Management Trust meetings, and improper use of Board positions to obtain a financial advantage.

Our investigation found that no actual, potential or perceived conflicts of interest existed. It was found that:

- Mr Cretan and Mr Rankine's disclosures of their pecuniary interests to the Tourism Tasmania Board of Directors were proper, although lacked some relevant detail
- Mr Cretan was not required to disclose his pecuniary interests to the Minister but had done so anyway
- Mr Cretan had no role with the Trust and therefore no conflict of interest, and

- there was no improper use of board positions to obtain a financial advantage. It was noted that the lack of detail in Mr Cretan's disclosure to the Minister about his interest in the kunanyi / Mount Wellington cable car played a part in generating suspicion that he had something to hide.

A further allegation relating to a member of the Wellington Park Management Trust was found to be unsubstantiated given the Trust had not deliberated on the proposed cable car, and that the Trust had identified a process to maintain the integrity of deliberations if such a conflict had arisen.

Outcome: Dismissed
Report released in the public interest ([Report 3 of 2019](#))

Moriah

Sector:	Tasmanian State Service
Respondent level:	Public Officer
Principal allegation(s):	Misuse of public resources for personal gain and dishonest performance of public functions

Investigation Moriah was an own motion investigation into the Tasmanian Health Service, North-west, based on previous investigations undertaken by the Commission and the Department of Health, and other intelligence. We were assisted in the matter by a police officer appointed under s 21 of the *Integrity Commission Act*.

The focus of our investigation was alleged breaches of the State Service code of conduct by Simon Foster (then Director, Corporate Services) including misuse of resources, failure to attend work without explanation and having a management style that involved intimidation and punitive actions against other employees. We also considered the policies, practices and procedures of THS in relation to the possible misconduct, and any related matters.

Our investigation found numerous examples of low level misconduct by Mr Foster, including misuse of departmental resources, intimidation and punitive actions against other employees, and a failure to properly manage conflicts of interest. It was found that Mr Foster's behaviour was known by some previous managers but the issues were not adequately dealt with. It was also identified that there were issues in identifying and managing misconduct complaints and grievances, and managing employee performance within the THS.

Outcome: Referred to the Principal Officer for Action

Report released in the public interest ([Report 1 of 2020](#))

Ragoona

Sector:	Tasmanian State Service
Respondent level:	Designated Public Officer – Senior Executive
Principal allegation(s):	Dishonest exercise of powers to influence a statutory decision

Investigation Ragoona considered allegations that a senior executive had sought to interfere with a response to a request under the *Right to Information Act 2009* (Tas) by deliberately not providing guidance on procedures and removing damaging material.



Our investigation found the likelihood that the senior executive had interfered with the response to the RTI request was low, and that it was probable the complainant had misinterpreted the executive's statements and actions.

While the matter was dismissed, issues relating to the management of conflicts of interest and the need this to be highlighted in relevant policy and procedures, were raised with the Principal Officer of the Public Authority.

Outcome: Dismissed

Taurus

Sector: Tasmanian State Service
Respondent level: Public Officer
Principal allegation(s): Conflict of interest in, and improper performance of, Government procurement functions

Investigation Taurus was an own-motion investigation into alleged conflict of interest and improper performance of functions associated with the procurement of nearly \$2.6 m worth of multimedia resources by a Department of Education manager.

The contracted supplier was a friend of the manager. It was alleged that the two had colluded to ensure that multiple procurements were below thresholds nominated in the relevant Treasurer's Instructions.

Our investigation found that the manager had an actual conflict of interest arising from his friendship with the supplier, and that this was not properly identified and managed as required by the *State Service Act 2000* (Tas) and relevant Treasurer's Instructions.

It was found that the manager sought to avoid procurement thresholds and that projects were disaggregated to ensure this occurred. We noted that, while the later projects included an independent probity advisor, the conflict of interest declarations made in those projects did not properly identify the nature of the manager's conflict nor how it should have been managed.

The manager resigned from the Tasmanian State Service before the matter was finalised. The Board determined to release an anonymised summary of the investigation report in the public interest.

Outcome: Referred to the Principal Officer for action Report released in the public interest ([Report 4 of 2019](#))

ASSESSMENTS

Abel

Sector: Tasmanian State Service
Respondent level: Designated Public Officer – Senior Executive
Principal allegation(s): Improper exercise of functions in recruitment

Assessment Abel considered an allegation that a person had been appointed Deputy Secretary because of their friendship with the Secretary of the department. The complainant also believed that previous workplaces had been unhappy with the performance of the appointed person. Our assessment showed that the premise of the complaint was fundamentally incorrect as the person was only briefly acting in the role until the preferred applicant could commence. The assessment also showed that a thorough process had been undertaken and this had included declaration of conflicts of interest, which had been taken into consideration.

Outcome: Dismissed

Blue

Sector: Local government
Respondent level: Designated Public Officer – Elected Representative
Principal allegation(s): Conflict of interest resulting in personal gain

Assessment Blue considered an allegation that an Elected Representative had obtained an improper advantage by renting accommodation to employees of the council. Our assessment identified that the matter was being appropriately dealt with by the Local Government Division and thus it was a duplication of resources for the Commission to consider the matter further.

Outcome: Dismissed

Curly

Sector: Local government
Respondent level: Public Officer
Principal allegation(s): Improper exercise of statutory functions

Assessment Curly considered allegations that a business unit routinely breached statutory rules prescribed by the *Land Use Planning and Approvals Act 1993* (Tas) by manipulating decisions and written correspondence. Our assessment showed that the Council was aware of the matter and was reviewing the operation and procedures of the its planning section. The Commission determined to refer the matter on this basis.

Outcome: Referred to the Principal Officer for Action

Dry

Sector: Local government
Respondent level: Designated Public Officer – Elected Representative, Principal Officer
Principal allegation(s): Breach of code of conduct by misuse of information and failure to deal with previous allegations



Assessment Dry considered allegations an Elected Representative obtained a financial advantage by tampering with a property deed, misused knowledge/information acquired through their position as a councillor, and failed to declare or manage a conflict of interest. Additional allegations related to the Council's General Manager failing to manage or avoid a conflict of interest, and acting improperly in relation to the Council's deliberations.

Our assessment found that the relevant elected representatives and the General Manager had given careful consideration to the issue and a proper process had been identified and pursued.

Outcome: Dismissed

Edith

Sector: Tasmanian State Service
Respondent level: Designated Public Officer – Senior Executive
Principal allegation(s): Failure to recruit and appoint staff based upon merit

Assessment Edith considered allegations that appointments within a State Government department were suggestive of nepotism and favouritism, and that conflicts of interest, departmental connections and cliques underpinned appointments. Our assessment identified no evidence of improper associations between the subject officers and departmental staff or that the appointments of concern were motivated by an improper intention to benefit any particular staff.

Outcome: Dismissed

Fincham

Sector: Tasmanian State Service
Respondent level: Public Officer
Principal allegation(s): Failure to declare an interest arising from a previous working relationship

Assessment Fincham considered an alleged conflict of interest between a manager of a business unit and a former colleague now working in the private sector in a related field. Our assessment found there was no evidence that the manager had acted improperly or had provided a benefit to the former colleague. We noted, however, that the manager had erred in not making a conflict of interest declaration to help negate any perceptions of a conflict, and in failing to provide feedback to the departmental Secretary on the matter.

Outcome: Dismissed

Greystone

Sector: Tasmanian State Service
Respondent level: Public Officer
Principal Allegation(s): Breach of code of conduct arising from a failure to properly deal with reports of misconduct

Assessment Greystone considered allegations that managers of a departmental unit had failed to properly deal with reports and complaints about inappropriate behaviour of an employee. Given

the fact that the work culture of the unit had been significantly damaged due to alleged management failures and fear of retribution, our assessment process included liaison with Tasmania Police and the department. We determined to refer the matter to the Secretary on the basis that an investigation by the Commission could inflame existing tension and anxiety among staff.

Outcome: Referred to the Principal Officer for action

Hesperus

Sector: Local government
Respondent level: Unknown
Principal allegation(s): Breach of code of conduct relating to unauthorised release of confidential information

Assessment Hesperus considered allegations that an unknown individual within a council had made an unauthorised copy of a document sent from a State Government Minister's office and released it publicly. Our assessment found that even if the person who copied the document could be identified, it might not be the same person who published the document. Additionally, it appeared that the document had not been classified as confidential by the council or the Minister and in any event had been published by the Minister not long after. It was also evident that the council was aware of the issue and was managing the issue adequately.

Outcome: Dismissed

Iles

Sector: Local government
Respondent level: Public Officer
Principal allegation(s): Failure to declare and manage a conflict of interest by a consultant

Assessment Iles considered allegations that a consultant providing services to a council had failed to manage a conflict of interest arising out of work undertaken for private developers. Our assessment showed that the situation had arisen in only a few instances in the five years the consultant had worked with the council, and that both the consultant and the public authority were managing the potential conflict appropriately.

Outcome: Dismissed

Jackson

Sector: Local government
Respondent level: Designated Public Officer – Principal Officer
Principal allegation(s): Improper exercise of functions and powers in statutory decisions

Assessment Jackson considered allegations that a former principal officer and a current senior manager had improperly allowed a councillor to conduct a business without relevant permits or licences, and had not taken appropriate action in managing ongoing non-compliance. Our assessment found that both officers had taken seriously the lack of compliance and had followed up with appropriate action, including notifying the Director of Local Government, obtaining legal



advice on appropriate sanctions, and taking action under the relevant legislation.

Outcome: Dismissed

Kershaw

Sector: Local government
Respondent level: Public Officer
Principal allegation(s): Dishonest exercise of functions and powers by providing false information

Assessment Kershaw considered allegations that a public officer had deliberately provided false information in response to questions asked on notice at council meetings about council's performance against statutory timeframes in a particular work area. Our assessment found that the council had been conducting an external review of the performance of the work section and was therefore likely to address issues raised in the complaint. It was noted, however, that responses given to the council by the officer appeared disingenuous.

Outcome: Dismissed

Leventhorpe

Sector: Tasmanian State Service
Respondent level: Designated Public Officer - Senior Executive
Principal allegation(s): Breach of code of conduct through failure to declare and manage a conflict of interest

Assessment Leventhorpe considered allegations that a senior executive had failed to properly declare and manage a conflict of interest when participating on a panel. The conflict arose when a proposal was made by a person who sat on another government Board with the senior executive. Our assessment showed that the senior executive had, in fact, declared the conflict and it had been managed appropriately, although the Secretary of the relevant department was advised of several areas for improvement in the recording of potential conflicts of interest.

Outcome: Dismissed

Munro

Sector: Tasmanian State Service
Respondent level: Public Officer
Principal allegation(s): Dishonest conduct relating to falsification of workplace documents

Assessment Munro considered allegations that a public officer had falsified timesheets, improperly managed grant funds and received payments and gifts from stakeholders in the private sector. Our assessment determined that the allegations warranted further inquiry, and the matter was therefore accepted for investigation.

Outcome: Accepted for investigation

Naturalist

Sector: Local government
Respondent level: Public Officer
Principal allegation(s): Failure to adhere to statutory obligations in the provision of permits

Assessment Naturalist considered allegations that a council approval of a dwelling had been improper and based on the property owner's vocal support for the council on a local issue. Our assessment revealed that an identical complaint had been made to the Local Government Division and the matter was dismissed on that basis.

Outcome: Dismissed

Nereus

Sector: Local government
Respondent level: Designated Public Officer - Principal Officer
Principal allegation(s): Improper exercise of powers in recruitment processes

Assessment Nereus considered allegations that an individual who was a Principal Officer had used the position to employ family members without open recruitment processes. Our assessment showed that one of the recruitment processes had been previously investigated by the Director of Local Government, with a finding that the Principal Officer failed to manage a conflict of interest.

We found that the Council had since implemented the Director's recommendations. Allegations regarding the employment of a further three relatives by the Principal Officer were historical and predated the Local Government Division's investigation.

Outcome: Dismissed

Oak

Sector: Tasmanian State Service
Respondent level: Public Officer
Principal allegation(s): Attempt to influence recruitment through improper performance of functions

Assessment Oak considered allegations that a public officer had interfered with a recruitment process by requesting the recruitment panel give a particular candidate a second opportunity in a test that formed part of the recruitment process. Our assessment found that the public officer had intervened due to issues identified with testing parameters. There was no evidence to suggest the officer knew or intervened to benefit any particular candidate.

Outcome: Dismissed

Othrys

Sector: Tasmanian State Service
Respondent level: Public Officers
Principal allegation(s): Dishonest and improper conduct through improper relations in the workplace

Assessment Othrys considered multiple allegations that a work unit had allowed contraband to be smuggled into the workplace, and had been subject to predatory sexual behaviour, bribery, nepotism and bullying. Our assessment showed that the allegations did not appear to be based on fact but had presented as a consequence of ongoing rumour and gossip by unknown staff in the workplace. Allegations included matters that appeared to have been adequately dealt with.



The assessment noted that the agency executive was aware of the gossip and its corrosive impact on workplace culture, as well as the failure of victims of the gossip to report matters based on fear that it would be detrimental to their career and themselves personally. Our Misconduct Prevention Unit is engaging with the agency to address these issues.

Outcome: Dismissed

Pigenuit

Sector: Local government
Respondent level: Designated Public Officer – Elected Representative
Principal allegation(s): Serious misconduct relating to breaches of code of conduct and the law

Assessment Pigenuit considered allegations that a councillor had removed trees from the complainant's property, with permission, and then dishonestly sold the wood to gain a personal profit. Our assessment showed that the councillor had informed the council of the issue. The individual was a member of a local committee and had acted at all times in that capacity, with the intention of any proceeds going to the committee. Ultimately, it was determined that the complaint was outside the Commission's jurisdiction, as the councillor had been acting in the committee role and not the public role at the time of the incident.

Outcome: Dismissed

Raglan

Sector: Tasmanian State Service
Respondent level: Designated Public Officer – Senior Executive
Principal allegation(s): Improper exercise of statutory functions and powers in relation to assessment of a proposal

Assessment Raglan considered allegations that a senior executive had improperly used the position to achieve a favourable development proposal outcome. Our assessment included liaison with the Tasmanian Audit Office, in view of its review of the relevant assessment process. No evidence was found to indicate that the senior executive had acted outside their powers or the relevant policies.

Outcome: Dismissed

Selina

Sector: Tasmanian State Service
Respondent level: Public Officer
Principal allegation(s): Dishonest conduct and seeking to benefit in relation to procurement

Assessment Selina considered allegations that a work unit manager had gained financial benefit through a silent interest in a company that imported materials provided to the work unit. Our assessment established that the work unit was not a public authority under the *Integrity Commission Act*, and consequently the manager was not a public officer. The assessment report was released to the Secretary of the relevant department as the best-placed organisation to respond to the allegations.

Outcome: Not accepted (out of jurisdiction; report provided to head of agency for information)

Thetis

Sector: Tasmanian State Service
Respondent level: Designated Public Officer – Senior Executive
Principal allegation(s): Improper performance of functions by interfering with a statutory process

Assessment Thetis considered allegations that an individual in a senior executive role had used the position to influence a statutory process for the purpose of improperly benefitting a friend. Our assessment identified that the public authority was taking action on management issues in the work area, as well as relevant statutory procedures. The complainant was advised of this and was satisfied with the course of action being taken by the public authority.

Outcome: Dismissed

Tyndall (1) & (2)

Sector: Tasmanian State Service, Parliament of Tasmania
Respondent level: Designated Public Officer – Elected Representatives, Senior Executive
Principal allegation(s): Improper exercise of statutory powers Attempt to adversely affect the performance of a public officer

Assessment Tyndall considered two complaints alleging that a Senior Executive improperly exercised their statutory powers, allegedly as a result of external influence. Our assessment concluded that the nature of the allegations and the seniority of the subject officers meant the matter warranted investigation.

Outcome: Accepted for investigation

Vicar

Sector: Local government
Respondent level: Designated Public Officer – Principal Officer
Principal allegation(s): Breach of code of conduct through failure to provide honest information

Assessment Vicar considered allegations that a former general manager of a Council acted dishonestly by using information provided by a local resident to support an expression of interest by the Council for a development proposal within the municipality. Our assessment found that the complainant appeared to be an active participant in the process, and there was no evidence of dishonesty.

Outcome: Dismissed

Walled

Sector: Tasmanian State Service, Parliament of Tasmania
Respondent level: Public Officer
Principal allegation(s): Improper exercise of public functions and release of confidential information

Assessment Walled considered allegations that information about a confidential submission on a proposed development had been released to an unknown party, and that the public officer had intimidated the complainant and had not followed proper



consultation processes. Our assessment considered advice from the relevant department and the Office of the Premier. It was found probable that the public officer had obtained the relevant information from public sources.

Outcome: Dismissed

Walter

Sector: Local government
Respondent level: Designated Public Officer - Elected Representative, Principal Officer
Principal allegation(s): Breach of a code of conduct by failing to comply with organisation policy

Assessment Walter considered allegations that a councillor had fraudulently claimed reimbursement for expenses in breach of policy, and that the principal officer had improperly approved the reimbursements. Our assessment showed that the claims did not appear to be a breach of the policy applicable at the time. However, the policy has subsequently been amended.

Outcome: Dismissed

York

Sector: Tasmanian State Service
Respondent level: Public Officer
Principal allegation(s): Failure to properly exercise powers of investigation

Assessment York considered allegations that unknown persons failed to properly investigate reports of an historical sexual assault. Our assessment obtained information from the relevant department, Tasmania Police and the Ombudsman and showed that there had been no report of a sexual assault at the time.

Outcome: Dismissed

Youl

Sector: Tertiary Education Provider
Respondent level: Designated Public Officer - Senior Executive
Principal allegation(s): Breach of code of conduct through financial misappropriation

Assessment Youl considered allegations that a senior executive had improperly used power and influence to create a new position in an agency and had then appointed a friend to the role. Further allegations were made about the senior executive's use of agency funds for personal travel.

Our assessment found that there were legitimate reasons for creation of the position and subsequent appointment of the particular individual, and that travel appeared to be for work purposes.

Outcome: Dismissed



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