

Office of the  
Independent  
Commissioner  
Against  
Corruption



PERFORMANCE  
REPORT  
2018-19



## Purpose of this report

The Office of the Independent Commissioner Against Corruption (ICAC) is required under section 128 of the *Independent Commissioner Against Corruption Act 2017* ('the Act') to provide an annual report within three months after the end of its first full financial year. The report must include the number and nature of reports received, the number and nature of referrals, and the types of activities conducted by the Commissioner to prevent, detect and respond to improper conduct.

As a public sector agency, the ICAC is also required to submit a report to the ICAC Minister in accordance with section 28 of the *Public Sector Employment and Management Act 1993*. The report must contain the functions and operational components of the agency.

The purpose of this report is to provide an overview of the ICAC's activities undertaken since the commencement of the ICAC Act in lieu of an annual report, which is not required until 2020.

*Disclaimer: The Office of the ICAC has previously published statistics in relation to allegations received. The publication of information relating to the specific nature of allegations prior to assessment and investigation could give an inaccurate picture of the prevalence of improper conduct in NT public administration. The ICAC must not describe the nature of offending within the Territory without first investigating all of the facts. Future ICAC reports will disclose information relating to the outcomes of assessments and investigations, rather than the nature of allegations to the ICAC.*

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# Letter of Transmission

The Hon Michael Gunner MLA  
Chief Minister  
Parliament House  
  
GPO Box 3146  
Darwin NT 0801

Dear Chief Minister

I am pleased to submit this report on the activities and achievements of the Office of the Independent Commissioner against Corruption (ICAC).

The report summarises the activities of the ICAC for the period from 30 November 2018 to 30 June 2019.

While the Office of the ICAC is not required to submit a section 128 annual report until the end of its first full year of operation, pursuant to section 169 of the *Independent Commissioner Against Corruption Act 2017*, I request that you table a copy of the report in the Legislative Assembly in both the public interest and in the interests of transparency.

Yours sincerely



Kenneth Fleming QC  
Commissioner

30 September 2019

# Abbreviations and acronyms

**HRMDC -**

Human Resources Management  
Development Committee

**ICAC -**

Independent Commissioner Against Corruption

**ICAC Act -**

*The Independent Commissioner  
Against Corruption Act 2017*

**NT -**

Northern Territory

**NTPS -**

Northern Territory Public Service

**OCPE -**

Office of the Commissioner  
for Public Employment

**PSEMA -**

*The Public Sector Employment  
and Management Act 1993*

# Commissioner's overview

*I am pleased to report on the progress of the Office of the Independent Commissioner Against Corruption (ICAC), which commenced receiving reports of improper conduct on 30 November 2018.*

Since the ICAC Act commenced I have observed some of the best and worst aspects of public administration. On one hand, I have been impressed with the drive and commitment of both my staff and of officers of the Northern Territory Public Service who have worked hard to establish and support a new agency tasked with restoring trust and integrity into public administration in the NT. On the other hand, I have received reports which, if proven to be true, demonstrate that the NT is home to the same types of corrupt activity that has caused people from around the globe to lose trust in government administration.

This loss of trust has accelerated over recent decades as the world becomes digitised and globalised, and the processes and systems of government administration become more complex.

Sadly, there are more places for people to hide corrupt and incompetent conduct, making it necessary for bodies such as the ICAC, with broad powers to look into the affairs of those dealing with government funding and resources, to exist.

Reports of improper conduct in the NT began rolling in on the day that the ICAC Act commenced, and the flow of reports has increased over time.

Whistleblowers play a critical role in the push to restore integrity in public administration. I believe the NT, as with other jurisdictions across Australia, must do more

to protect whistleblowers from reprisal. My office is committed to pursuing reforms in the NT that will further protect whistleblowers from reprisal. Before 30 November 2019, I will publish guidelines for public bodies and public officers about frameworks and practices for minimising risks of retaliation, as required under the ICAC Act. The guidelines may include measures for:

- education and training;
- policies and processes;
- allocation of responsibility and resources;
- creation of a suitable organisational culture; and
- management of situations in which persons are, or are likely to be, at risk of retaliation.

While whistleblower protection policies are helpful, they are only part of the picture. NT Government managers must play a leadership role in promoting the cultural change necessary to stamp out corruption in public administration.

NT Government agencies must take all reasonable steps to ensure that whistleblowers do not face negative repercussions for speaking up about wrongdoing in the workplace. Research shows that supervisors play a pivotal role in managing disclosures from employees who perceive any wrongdoing, and that workplace culture is critical

to the outcome of whistleblower disclosures – in fact more critical than official policies or procedures\*.

The NT must challenge the adage that it's 'un-Australian' to dob-in a corrupt official, colleague or competitor. It is unfortunate in our society that the actions of the few corrupt and deceitful people in public administration mean that all public servants are burdened with increasing layers of regulation and oversight.

I would like to thank the brave people who have come to me personally, and to my office, to report improper conduct. I seek their patience and understanding as we establish and embed the people and processes to assess and investigate their reports.

The Office of the ICAC has been fully functional for some months now, but the loss of a senior and lead investigator in its formative months impacted upon our ability to assess the volume of reports received. I am pleased that at 30 June 2019, we had three dedicated and experienced Assessment officers carefully evaluating reports so they can be closed, investigated or referred to an entity more suitable to perform an investigation with our oversight. At the time of publication, we have six full-time investigators engaged to work on reports of serious, sensitive, contemporary and systemic corrupt conduct. We have also engaged several specialists on a temporary basis with the skills and

experience required for us to progress more complex investigations.

I acknowledge that the public, whistleblowers and those who have been accused of improper conduct all wish for an expeditious investigation and outcome, but we must be realistic about the time it takes to go through this process. Our interstate anti-corruption colleagues and those with experience in complex investigations have demonstrated that complex and sensitive investigations can take years before they are finalised and the outcomes published.

I am confident that we will hold those who do the wrong thing to account. We will use the intelligence we gather and the findings from our investigations to restore trust and integrity in public administration in the NT.

As you will see from this report, the Office of the ICAC has made progress. We are looking to move judiciously while acting as quickly as our structure and funding will allow.

Finally, I thank the NT Government for its support and commitment to resource the Office of the ICAC during the 2019 Budget Estimates hearings. I will work with my staff to carefully consider our funding requirements once we establish a baseline for the ICAC's work.



\* Brown, November 2018,  
*Whistling While They Work 2*

# General Manager's overview

*The Office of the ICAC is the NT Government's newest agency, which was established to restore trust in public administration in the NT.*

The seven months from 30 November 2018 to 30 June 2019 represented our establishment period. During this time, the agency received 254 reports containing allegations of improper conduct. Moreover, a number of reports made to the former Commissioner for Public Interest Disclosures were transferred to the Office of the ICAC upon commencement of the ICAC Act.

The challenge for the Office of the ICAC was to move into new premises, staff the organisation appropriately, develop a governance framework and processes in accordance with the legislation, and commence the careful assessment and investigation of those allegations which, if proven true, could amount to improper conduct.

I acknowledge the significant body of work undertaken both within our organisation and within the NT Government to give effect to the ICAC Act.

In its *First 100 Days* report, the Office of the ICAC reported that nine staff had been appointed, excluding the Commissioner. At 30 June 2019, the number of staff had increased to 14 full-time employees with additional specialist consultants engaged to perform investigative functions.

The increase in staffing reflects the escalating workload experienced by the Assessment and Investigation

units owing to the volume of reports of improper conduct.

The Office of the ICAC expects to increase its staff in proportion to the increasing number of reports of improper conduct.

We acknowledge the financial constraints on NT Government agencies and we look to expand cautiously and responsibly. Similarly, we acknowledge that creation and adequate funding of the ICAC were election promises, that we are a front-line service and that we are responsible for generational change.

We are committed to supporting our staff and fostering a workplace that promotes a culture of continuous improvement, employee wellbeing, collaboration and innovation.

Staff have been supported to consider learning and development opportunities that are relevant to their field of expertise and the objectives of the ICAC.

Change has been constant for our staff and this change will continue. A major project managed by the ICAC will see the office relocate to a premise that has been specifically designed and refitted to reflect the unique needs of the agency. This includes secure information technology and audio visual equipment necessary for investigative functions. This

relocation is scheduled to occur in late 2019 and is being managed with project support from the Department of Infrastructure, Planning and Logistics and the Department of Corporate and Information Services.

The Office of the ICAC is also progressing the procurement of a contemporary end-to-end case management system to manage cases and investigations. We have conducted extensive consultation and research to ensure that the system will serve our purpose. The preferred system will be selected following a rigorous comparative analysis and assessment process against factors including time, cost, risk and degree of meeting business requirements. The case management system will allow the Office of the ICAC to analyse trends that will inform our prevention and strategic activities, assist with the triage and assessment of reports, coordinate investigations, and record all operational documentation and data.

The NT Government has recognised our business needs and supported the procurement of a case management system. At the time of publication, the Office of the ICAC was approved by the NT Government to release a tender for the case management system. We expect the system will be operational by mid-2020.



Since its establishment, the Office of the ICAC has created a robust governance framework to manage the agency's corporate and operational performance. This framework includes three key decision-making committees: the Corporate Executive Committee; the Operations Committee; and the Audit, Risk and Compliance Committee. Furthermore, a suite of policies and supporting documents that guide the activities of staff have been implemented.

Public awareness and education activities are an important part of our role, and during the reporting period we have spoken with more than 1,370 public servants and community members at more than 50 information sessions, meetings and other public fora.

We have also released reports, fact sheets and presentations through our website and LinkedIn account, and extended our communications into the public sector through existing networks.

We will continue to conduct information sessions for NT Government agencies, non-government organisations and the general community. In particular, we plan to visit regional and remote communities in the Territory as much as our budget and workload allow.



# Key results

## Year at a glance



**50+**  
ICAC information sessions have been held across the NT



**14x**  
full-time employees as at 30 June 2019

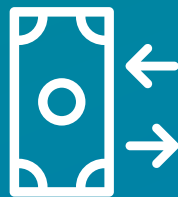


**254**  
reports received by the ICAC from 30 November 2018 to 30 June 2019

**1,370+**  
public servants have attended ICAC training

**\$3.4m**  
appropriation

**\$0.9m**  
return to NT Government



**35%**  
only of survey respondents agree that the Northern Territory Public Service encourages reporting of improper conduct



**x3**

**Key Decision-making Committees:** the Corporate Executive Committee, the Operations Committee and the Audit, Risk and Compliance Committee.



**90%** of NT Government agencies  
have registered a Nominated Recipient



**91%** of participants understood how to report suspicions  
of improper conduct after they received training



**93%** satisfaction  
with ICAC information sessions

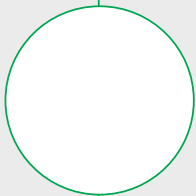
# Overview of the ICAC and its functions

*The ICAC is a specialist investigator with a focus on improper conduct in government.*



## The ICAC

is the Chief Executive of the Office of the ICAC, established under the *Independent Commissioner Against Corruption Act 2017*.



## The Office of the ICAC

commenced taking reports on 30 November 2018.



## Mr Kenneth Fleming QC

was appointed Commissioner on 13 June 2018. He commenced duty on 2 July 2018.



## Vision

To foster public institutions that actively resist corruption by putting public interest first, and providing transparency and certainty in the provision of service to all Territorians.

## Commissioner (Executive)

Kenneth Fleming QC was appointed Commissioner on 13 June 2018. He has practised law for more than 42 years in family, criminal, civil and international jurisdictions and tribunals. He practised principally in Queensland, but also other parts of Australia and the Pacific. Prior to his appointment as Commissioner, Mr Fleming spent three years with the United Nations prosecuting the Rwandan Genocide.

## General Manager

Matthew Grant commenced as General Manager on 7 January 2019. He has more than 25 years' experience working in highly-sensitive and complex legal environments, managing multi-agency investigations and operations, both nationally



and internationally. He previously worked with the Australian Federal Police. Prior to his appointment in the NT, he held an executive position with the Western Australia Crime and Corruption Commission, providing high-level counsel to the Commissioner.

## Assessment

The Assessment Unit supports the Commissioner in the exercise of his powers and functions by reviewing all reports to determine their eligibility for investigation by the agency. The unit applies criteria set down in the ICAC Act and makes recommendations to the Commissioner based on a report's serious, systemic, sensitive and contemporary nature, and its alignment to the strategic priorities of the Office. The Assessment Unit is also responsible for the oversight of agency referrals and for monitoring the implementation of recommendations made to public bodies by the ICAC.

## Investigation

The Investigation Unit undertakes investigative and operational activities in accordance with the ICAC Act. The Investigation Unit comprises a number of senior investigators and includes a research arm to assist with sensitive and complex investigations. In addition

to providing recommendations on case findings, this unit will help to identify future corruption risks and inform prevention strategies. The Investigation Unit may participate in joint investigations.

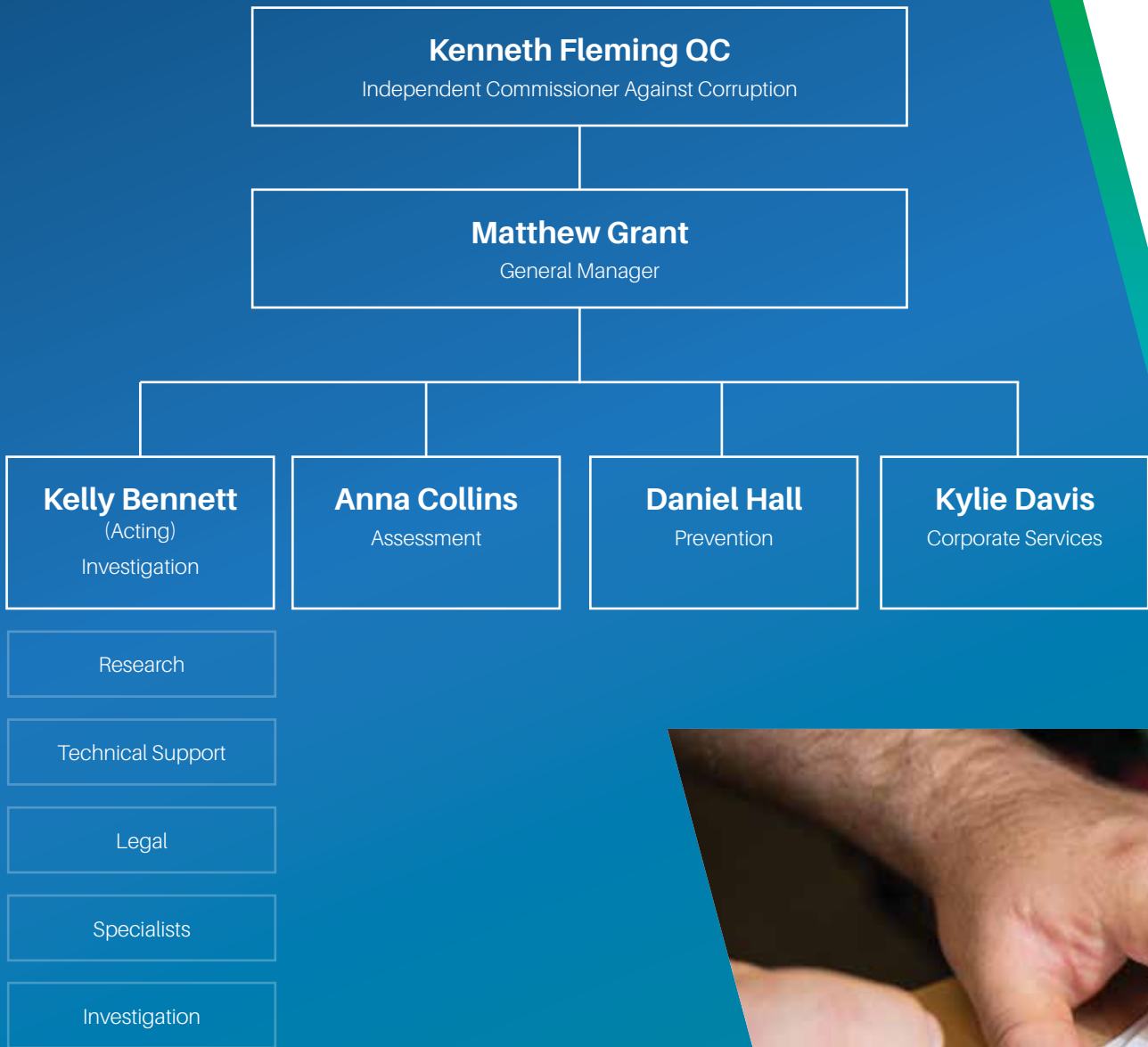
## Corporate Services

Corporate Services supports the operational requirements of the agency by managing finance, information technology, staff recruitment and management, and property and fleet management. Corporate Services works with NT Government bodies and external contractors to coordinate business services, including software and systems, procurement and support.

## Prevention

The Prevention Unit manages the delivery of all awareness, engagement and prevention activities to public sector agencies and members of the community. The unit is responsible for developing prevention and communication strategies, and working with public bodies to implement tactics that strengthen awareness, encourage public participation and foster a culture of reporting across agencies.

# Organisation Structure



# Assessment

*The Assessment Unit was established in May 2019 to triage and assess reports made to the Office of the ICAC.*

At 30 June 2019, the unit was staffed by three officers who receive reports of suspected improper conduct from members of the public, Nominated Recipients and public officers or public bodies.

After a report is received, Assessment officers must first assess if the Office of the ICAC has jurisdiction to investigate the matter. This includes determining if the conduct fits within the definition of improper conduct in accordance with section 9 of the ICAC Act. Assessment officers must also determine whether the alleged conduct was undertaken by a public officer or public body as defined by section 16 of the ICAC Act, and connected to public affairs.

Secondly, Assessment officers must consider whether investigation of the matter is in the public interest. Assessment officers must prioritise the most

serious, systemic and sensitive improper conduct, contemporary matters, and matters involving corrupt conduct or serious anti-democratic conduct in accordance with section 3 of the ICAC Act.

Thirdly, Assessment officers must consider the effective use of public resources when recommending a course of action arising from a report.

To support the consistent handling and management of reports, processes and procedures have been developed to guide the decision-making process for Assessment officers. These procedures are in place to provide certainty to reporters, and to ensure that decisions made by the Assessment Unit are consistent with the ICAC Act and are lawful.



# How reports are assessed

*Reports can be received from any member of the public, however public officers and public bodies have a mandatory responsibility to report improper conduct.*

Once a report is received, the Assessments Unit will analyse the information to determine if the alleged conduct is within in the ICAC’s jurisdiction, and whether there are grounds for investigation to verify the allegation.

The timeframe to assess a complaint will depend on a number of factors, including but not limited to:

- the number of issues raised and the complexity of the report;
- the number of people and agencies identified;

- the clarity and detail of information in documents provided; and
- the ability to recover reliable and probative evidence to support the report from the reporter, witnesses or other sources.

The Office of the ICAC endeavours to acknowledge all reports if the reporter has provided their contact details. The ICAC cannot and will not provide timeframes of when people may receive information in respect of their report. Reporters who provide their contact details

## Minimum timeframes for assessment activities



30 mins to an hour to conduct and record an interview or phone report



2 hours to assess a “simple but substantiated” report of one allegation



a minimum of 1-3 days to assess a complex matter, including multiple allegations and extensive substantiating evidence



may also be contacted for further information to assist in the assessment of their report. Approximately 15% of reports received in the period from 30 November 2018 to 30 June 2018 were made anonymously.

The ICAC will make every effort to respond to each report, however the ICAC cannot and will not provide timeframes of when people may receive information in respect of their report.

On completion of a report assessment the Assessment Unit will make a recommendation to the Operations Committee. Reporters are notified of the assessment outcome.

**Possible outcomes from a report assessment include recommendations for:**

**Closure of the report** - where the matter is not within the jurisdiction of the ICAC to investigate, the matter has been previously well examined (e.g. in a court), the matter has been appropriately investigated by a reputable body, or when the conduct has not been substantiated on the evidence provided;

**Preliminary inquiry/investigation by the Assessment Unit** - where a report contains allegations that, if proved true, would constitute improper conduct pursuant

to section 9 of the ICAC Act, there is a substantiated reasonable suspicion that the conduct did occur, additional information is required to determine the seriousness of the conduct, and whether or not to investigate a matter;

**Investigation by referral entity** - where a report contains allegations that, if proved true, would constitute improper conduct pursuant to section 9 of the ICAC Act, there is a reasonable suspicion that the conduct did occur, an agency is best placed to gather additional evidence, and has the capability to appropriately investigate the matter and report back to the ICAC.

**A referral entity may also receive a report if there is a body established to address specific complaints** - for example, reports relating to the release of public information under the *Information Act 2002* may be referred to the Information Commissioner for investigation and report.

**Investigation by the Investigation Unit** - where a report contains allegations that, if proved true, would constitute serious improper conduct pursuant to section 9 of the ICAC Act, there is a reasonable suspicion that the conduct did occur, the investigation could not reasonably be completed by another entity or may require the powers of the ICAC to adequately investigate.



1-2 hours to generate case correspondence and communicate assessment outcome/s



2-3 hours to review simple referral reports received from an agency



2-3 hours to monitor implementation of recommendations made to a public body



1-3 days to compile information for a preliminary assessment

# Monitoring

*All recommendations that are made by the ICAC from inquiries, investigations or referrals are monitored to ensure agreed actions are implemented.*

Referral entities must report the findings and outcomes of their investigation if a matter has been referred to them by the ICAC.

Where the ICAC has completed preliminary inquiries or an investigation and this has resulted in recommendations to the public body, the Assessment Unit is responsible for logging and monitoring the implementation of the ICAC's recommendations.

## Reports received 30 November 2018 - 30 June 2019



**254**  
reports

In the period from 30 November 2018 to 30 June 2019 the Office of the ICAC received **254 reports** of suspected improper conduct. Further, the agency assumed ownership of **10 reports** that were made to the former Commissioner for Public Interest Disclosures, which were transferred to the ICAC upon commencement of the ICAC Act on 30 November 2018.

### Mandatory reporting

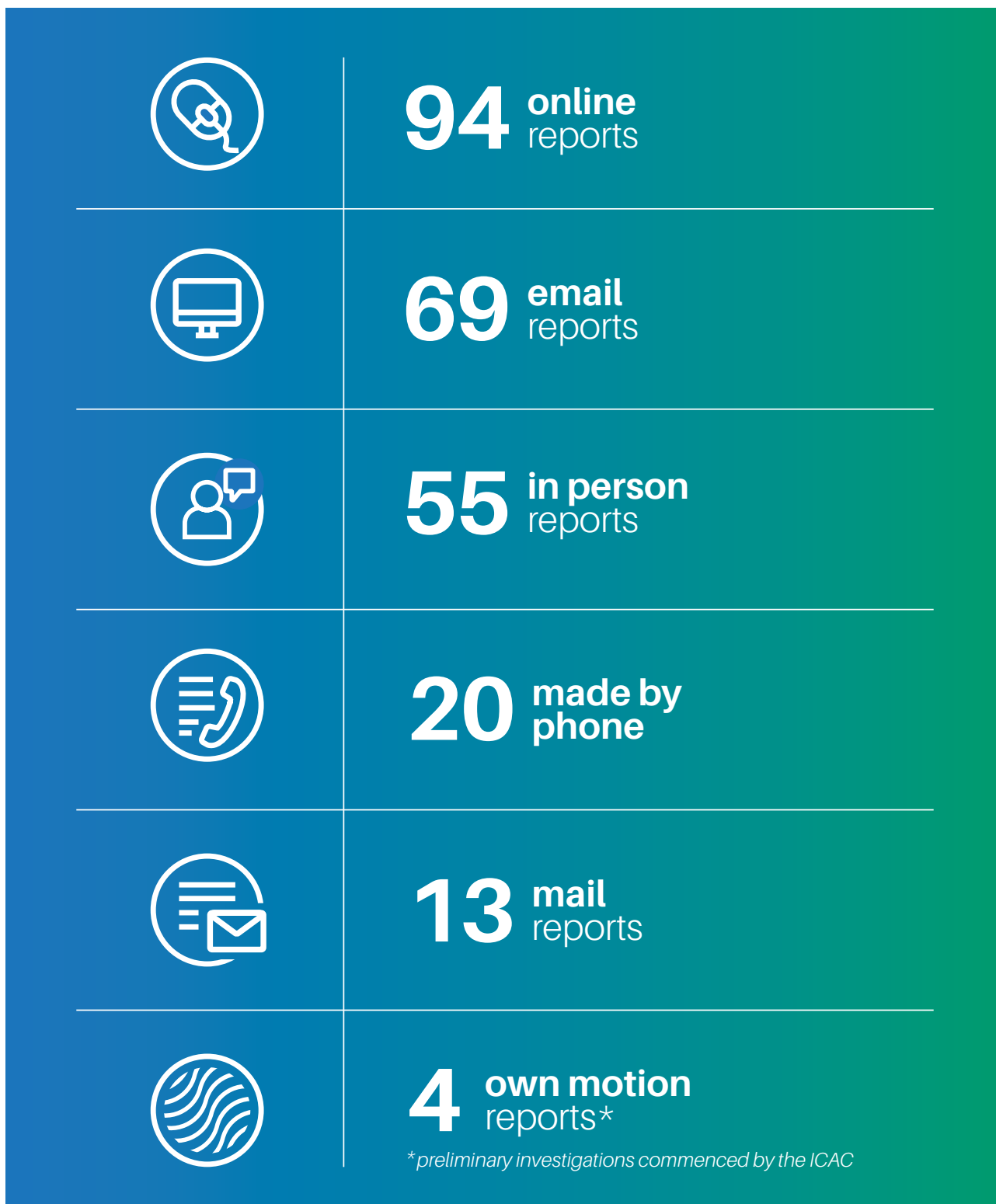
Under the ICAC Act, the Commissioner has the power to impose requirements for the mandatory reporting of improper conduct, whether real or suspected. Guidelines and directions for mandatory reporting have been issued, and outline what must be reported and how this is to be done.

A public officer or public body, including NT Government agencies, must report improper conduct to the ICAC. Reports can be made in a number of ways, including by notifying a Nominated Recipient, who is an eligible public

officer who has been nominated by the Chief Executive of an NT Government agency to be the receiver of protected communications. The Nominated Recipient must have suitable skills and training to undertake the role. Alternatively, reports can be made through the online reporting facility on our website or directly to the office via phone or email. The office encourages reports to be made in writing.

The Office of the ICAC will continue to engage and inform NTPS employees about mandatory reporting through ongoing training and education activities to ensure all NT Government agencies understand, accept and implement the mandatory reporting requirements.

## Reports to the ICAC 30 November 2018 to 30 June 2019



## Assessment outcomes at 30 June 2019

**59 assessed** (23% of total reports received)\*. Of the assessed reports, **13 were referred to the Investigation Unit.**

# Investigation

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*Since its commencement, the Investigation Unit has been actively preparing to operate in accordance with the legislation.*

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The Investigation Unit has commenced investigations and preliminary inquiries as a precursor to major investigations, obtained access to key databases and government systems, drafted policies, procedures and official documents, and procured essential operational equipment.

For the protection of whistleblowers, and for legal and operational reasons, the ICAC cannot provide details on specific matters that may or may not be under investigation. The information provided below is deliberately broad in nature to protect ongoing operational activities and whistleblowers.

The ICAC Act provides more powers to investigate individuals and entities than those previously available to other integrity bodies. While the ICAC is also equipped with retrospective remit, enabling investigation of reports ranging back to the commencement of NT self-government in 1978, the ICAC has a duty to prioritise the most serious, sensitive, systemic and contemporary cases.

The Office of the ICAC has boosted its investigation and assessment capacity since its establishment to meet demand. The Investigation Unit has received additional staff, bringing the total number of full-time investigator positions to six. Further staff may be recruited on a temporary basis for investigations that require specialist resources, such as forensic accountants or information technology specialists.

Matters referred to the Investigation Unit have been through a rigorous assessment process undertaken by the Assessment Unit.

The Investigation Unit may bundle reports and allegations that involve common people or organisations into one major investigation.

As demonstrated in other jurisdictions, investigations into serious and systemic corruption may span multiple years depending on the complexity of the matter.

In general terms, the outcome of an investigation may include any of the following:

- reports by the ICAC, including general reports, investigation reports, public inquiry reports, and reports concerning recommendations made to public bodies or public officers by the ICAC in relation to dealing with improper conduct;
- public statements in relation to matters dealt with by the ICAC;
- briefs of evidence provided to, for example, law enforcement agencies for the purpose of investigating or prosecuting a person or persons for an offence.

For legal reasons, reporters will not necessarily know the full details of the investigation or proceedings that may arise.

## Non-disclosure directions

At any point during an investigation, the Commissioner may direct a person not to disclose information about an investigation being conducted by the ICAC or information that has been given to the person by the ICAC. These directions are designed for the protection of whistleblowers and those accused of improper conduct and to allow investigations to proceed covertly if required.

Contravention of a non-disclosure direction may constitute an offence with a maximum term of imprisonment of up to two years.

The Commissioner has issued 26 non-disclosure directions since the commencement of the ICAC Act to 30 June 2019. The Commissioner will take action against those in contravention of these directions.

## Themes under investigation

While the exact nature of investigations underway remains strictly confidential, some themes have emerged as corruption risk areas during this reporting period.

### Misappropriation or misuse of resources

There have been serious allegations detailing the misappropriation or misuse of resources by non-government organisations. Non-government organisations that receive funding or resources from the NT Government are deemed public bodies under the ICAC Act and are therefore subject to scrutiny.

It is incumbent upon those performing an official function within these organisations to report their knowledge of improper conduct. Failure to report improper conduct could have serious consequences for organisations that have acted improperly and those responsible for leadership of those organisations.

The misappropriation or misuse of public resources is a concern to all Territorians because it increases the cost of services across the Territory, that could otherwise be used to deliver essential services to the community.

### Engagement and employment practices

Reports received indicate that recruitment and employment practices are particularly vulnerable to improper conduct.

Conflicts of interest must be declared and managed appropriately during recruitment processes, and discrimination and nepotism are deemed improper conduct under the ICAC Act.

Failure to abide by recruitment policies means that often the right person is not the successful applicant, and those who were properly qualified for the position are left disillusioned and are ultimately unwilling to move to, or stay in, the Territory.

### Procurement

Procurement of goods and services and managing contracts are everyday tasks in the public sector. Investigations across Australia reveal that procurement processes can be vulnerable to corruption.

The office has received concerns from the business community about the integrity of NT Government procurement, contracts management, tendering and grants processes.

The NT Government must be able to attract competitive bids from new and existing suppliers of goods and services in order to provide the best value for the Territory. For the Territory to prosper, the business community must have confidence and trust in public administration. When the business community doesn't trust public administration, it won't invest. As a result, everyone suffers from lack of competition and higher prices.

Businesses or organisations that have a commercial relationship with the NT Government play a key role in identifying improper conduct in public administration.

### Misuse of official information

The release or unauthorised use of classified and confidential information is a serious issue and can have serious consequences. At its worst, the mistreatment of sensitive or confidential information can put people in harm's way or destabilise and undermine the proper functions of government. Privacy and confidentiality obligations must be understood by everyone involved in public administration; failure to exercise these responsibilities will be treated very seriously.

### People at risk

People in the custody of NT Police or NT Correctional Services staff may be vulnerable to mistreatment. It is essential that officers with custodial responsibilities conduct themselves and exercise significant powers fairly, impartially and in accordance with the law.

# Corporate Services

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*Corporate Services manages finance, human resources, information technology, information, work health and safety, administration and facilities.*

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Initially, the unit's focus was on becoming operational by establishing access to key government systems. It then moved to establishing business systems and processes, and reporting frameworks. Further work has resulted in a governance framework based upon NT Government policies, procedures, rules and regulations, but tailored to the specific functions of the Office of the ICAC as an integrity agency.

Corporate Services has facilitated the recruitment of a number of new staff to ensure an organisational structure that supports requirements and enables the agency to operate effectively and efficiently according to objectives and functions.

## Governance

The Office of the ICAC has three key decision-making committees comprising executive officers to oversee and ensure continuous improvements to our business and processes.

**Corporate Executive Committee** - sets and monitors strategic direction, ensures compliance with statutory requirements and actively oversees organisational priorities to achieve strategic objectives.

**Operations Committee** - receives and reviews reports from the Assessment, Investigation, and Prevention units and provides evidence-based recommendations to the Commissioner. Evaluates broader public sector trends and issues, identifying serious misconduct and corruption risks in NT public administration and providing strategic guidance for prevention activities.

**Audit, Risk and Compliance Committee** - monitors strategic risks, risk and compliance management processes, provides oversight of internal control systems and financial reporting, and considers remedial actions to address compliance deficiencies.

## Finance

The Office of the ICAC received appropriation from the NT Government of \$3.6m, and returned a surplus of \$0.9m. The surplus arose as the ICAC commenced operation on 30 November 2018, and therefore only incurred staffing and operational expenses for part of the financial year. Further details are available in the Financial Statements.

The agency requires a significant funding increase in 2019-20 and beyond if it is to meet its obligations under the ICAC Act and respond to the reporting frequency currently experienced. The Commissioner will liaise with the Chief Minister in his capacity as ICAC Minister in respect of future funding requirements.

## Office relocation

Since its establishment, the Office of the ICAC has been located in temporary office accommodation in Darwin City while fit-for-purpose office accommodation is refurbished.

The project to relocate the office will be completed in late 2019 and has been specifically designed to provide all Territorians with improved access to the premises. The new office meets the agency's operational requirements and aligns with the standards of other judicial environments, which include enhanced security modifications that interface with law enforcement computer systems.

The interview room will be equipped to comply with acoustic requirements and include the same safety measures used in police interview rooms. The hearing room has been planned with the needs of the community in mind, including wheelchair access and interpreter options for witnesses for whom English is a second or subsequent language.

The new facilities are informed by Supreme Court standards and include teleconferencing technology, which will save on travel costs, allow remote testimony and help treat security risks.

The relocation will be managed in collaboration with the Department of Infrastructure, Planning and Logistics and the Department of Corporate and Information Services.

## Case Management System

The Office of the ICAC has identified the need to procure a contemporary end-to-end business system to manage cases and investigations. The case management system will allow the Office of the ICAC to securely store allegations of improper conduct, help triage and assess reports, coordinate investigations, and record all operational documentation and data. A system will be chosen in consultation, following a comprehensive analysis of comparable systems, and an assessment process. At the time of publishing, the Office of the ICAC was approved by the NT Government to release a tender to procure the system.

## Human Resources

The Office of the ICAC employs a diverse mix of professionals including lawyers, accountants, investigators, and support officers. At 30 June 2019, the agency employed 14 full-time employees in a mix of temporary and permanent roles, including the Commissioner. We also have the ability to engage consultants to undertake investigative functions.

Classification	Staff number
Commissioner	1
Executive Contract	1
Senior Administrative Officers	4
Administrative Officers	8

The agency is committed to providing an engaging workplace that promotes a culture of continuous improvement, employee wellbeing, collaboration and innovation. Learning and development opportunities are available to staff who have attended a number of seminars and conferences on topics including whistleblower protection, law reform and corruption prevention.

Some staff have also completed the following courses:

- Executive Ready Program – Women and Leadership Australia;
- International Association for Public Participation - Certificate in Engagement;
- Freedom of Information training.

## Work Health and Safety

The agency provides and maintains a safe and healthy environment for staff, contractors, and visitors in accordance with the *Work Health & Safety (National Uniform Legislation) Act 2011* and associated regulations. Work Health and Safety strategies that have been employed include but are not limited to:

- regular safety inspections of office premises;
- monthly reporting to the Corporate Executive Committee on Work Health and Safety matters;
- maintenance of a Work Health and Safety risk register; and
- Work Health and Safety awareness for all staff and managers, and first aid training and fire warden training.

There were no Work Health and Safety incidents reported to 30 June 2019.

## Future priorities

Corporate Services is committed to further strengthening the agency's governance framework and associated policies, systems and processes to establish a benchmark for good governance in NT public administration.

The Office of the ICAC will work to develop a comprehensive Human Resources Framework to ensure the agency attracts, develops and retains the best employees. This will encompass a long-term workforce plan, identifying skills gaps and potential talent, and continuing to invest in our staff to ensure we have the right people and skills for the future.

The new office accommodates the agency's workflow and supports operational efficiency.





# Prevention and Communications

*The Office of the ICAC's Prevention Strategy comprises three pillars of responsibility: awareness, reporting and alerting.*

## Overview

The ICAC's Prevention Strategy comprises three pillars of responsibility: awareness, reporting and alerting. These have been devised to support the agency's vision and are the foundation for all prevention activity:

- **Awareness** - build awareness of help raise the profile of the ICAC, its roles and functions;
- **Reporting** - to actively promote reporting of improper conduct within public administration in the NT through community engagement, training and education; and
- **Alerting** - alerting agencies and organisations with information and intelligence to prevent and reduce corruption risks.



### Awareness:

Engage with the community and public sectors to build awareness of corruption and its harms.



### Reporting:

Develop a culture of reporting in NT public administration and the broader community.



### Alerting:

Evaluate broader public sector trends and issues, identify serious misconduct and corruption risks and provide assistance to NT public bodies.

Since the establishment of the office, the ICAC has received dozens of requests to present training and information sessions, and has engaged with stakeholders through a range of activities. These have been designed to raise awareness of the ICAC's role and functions, and to prevent improper conduct in public administration.

The ICAC sought to target all 18 NT Government agencies with training and information sessions by 30 June 2019. At the time of publishing, 70% of agencies have received ICAC training. The ICAC recognises the need to provide all Territorians with training opportunities and undertook regional engagement in the first six months of 2019 with

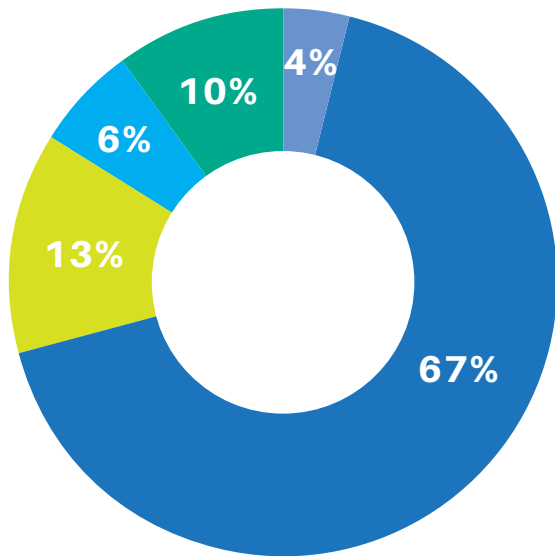
further engagement scheduled in the 2019-20 financial year.

From 22 January to 30 June 2019, the Commissioner and/or the Prevention Unit delivered 48 training sessions to approximately 1,370 Territorians in the greater Darwin region, Katherine and Alice Springs.

Of the 48 sessions delivered in the reporting period, the Commissioner presented 30 with the remainder delivered by the Prevention Unit.

The ICAC will continue to work with the community to build a shared understanding of reporting and resistance to improper conduct.

### Training and information sessions



Sessions by sector	Number of sessions	Percentage of audience groups
MLAs	2	4%
NT Government	32	67%
Local government	6	13%
Non-government (private, universities, not-for-profit)	3	6%
General community	5	10%
Total	48	100%

These training and information sessions have been well received and have increased understanding of the ICAC’s role and functions. Surveys completed by information session participants showed the following:

- I am satisfied/very satisfied with the ICAC information session - 92%
- The session increased my understanding about the ICAC - 93%

Following consultation with the NT Government Human Resources and Development Committee (HRMDC) and the Office of the Commissioner for Public Employment (OCPE), the Prevention Unit commenced a series of the monthly training sessions designed for NTPS employees. These sessions can be attended by any NT Government employee through the OCPE online training portal and are delivered at no cost to participants.

In recognition of the needs of rural and regionally based NTPS staff, the Prevention Unit will be expanding training opportunities to include videoconferencing.



### Partnerships

The Prevention Unit is focused on building partnerships and collaborating with various stakeholder groups to foster a culture of reporting in the NT.

The Office of the ICAC has presented to senior management in NT Government departments and committees to help them develop a greater understanding of mandatory reporting obligations, definitions of improper conduct and the powers of ICAC within the public sector. This includes the HRMDC, the Remote Housing Industry Forum, hosted by the Department of Local Government, Housing and Community Development, the OCPE and the ICAC Working Group.

The Office of the ICAC has worked closely with bodies including the Local Government Association of the NT, the Law Society, CPA Australia, and other peak bodies to improve the Territory’s governance and integrity frameworks.

As at 30 June 2019 the Office of the ICAC has achieved the following:

- 70% of NT Government agencies have received training;
- 90% of agencies have registered a Nominated Recipient;
- All NT Government agencies have received some level of engagement with the Office of the ICAC.



This engagement has resulted in substantial changes to whistleblower protection policies and procedures across the NT Government and local government, and within non-government organisations. We will continue to facilitate collaboration and continuous improvement in this important area. Moreover, the ICAC Act requires the Commissioner to publish guidelines for public bodies and public officers in respect of frameworks and practices for minimising risks of retaliation before 30 November 2019.

While policy reform is important, the key to preventing corruption is cultural reform and leadership in public administration. The Prevention Unit surveyed public information session participants to better understand the community's perception of improper conduct in NT public administration. Survey results indicate a strong commitment from public officers to report improper conduct:

- I understand how I can report my suspicions of improper conduct - 91%
- If I witnessed improper conduct, I would probably report it - 81%

Conversely, the survey results demonstrate that the NT Government must do more to encourage the reporting of improper conduct, either through internal or external channels:

- I believe improper conduct happens in the NTPS - 86%
- The NTPS encourages the reporting of improper conduct - 35% agree

## Reporting improper conduct

Improper conduct left unchecked can:

- lead to funding being diverted away from public services that support you and your family;
- waste public money and resources;
- undermine people's trust and respect of government;
- support ongoing criminal activity; and
- damage the reputations of individuals, colleagues, organisations and the whole public sector.

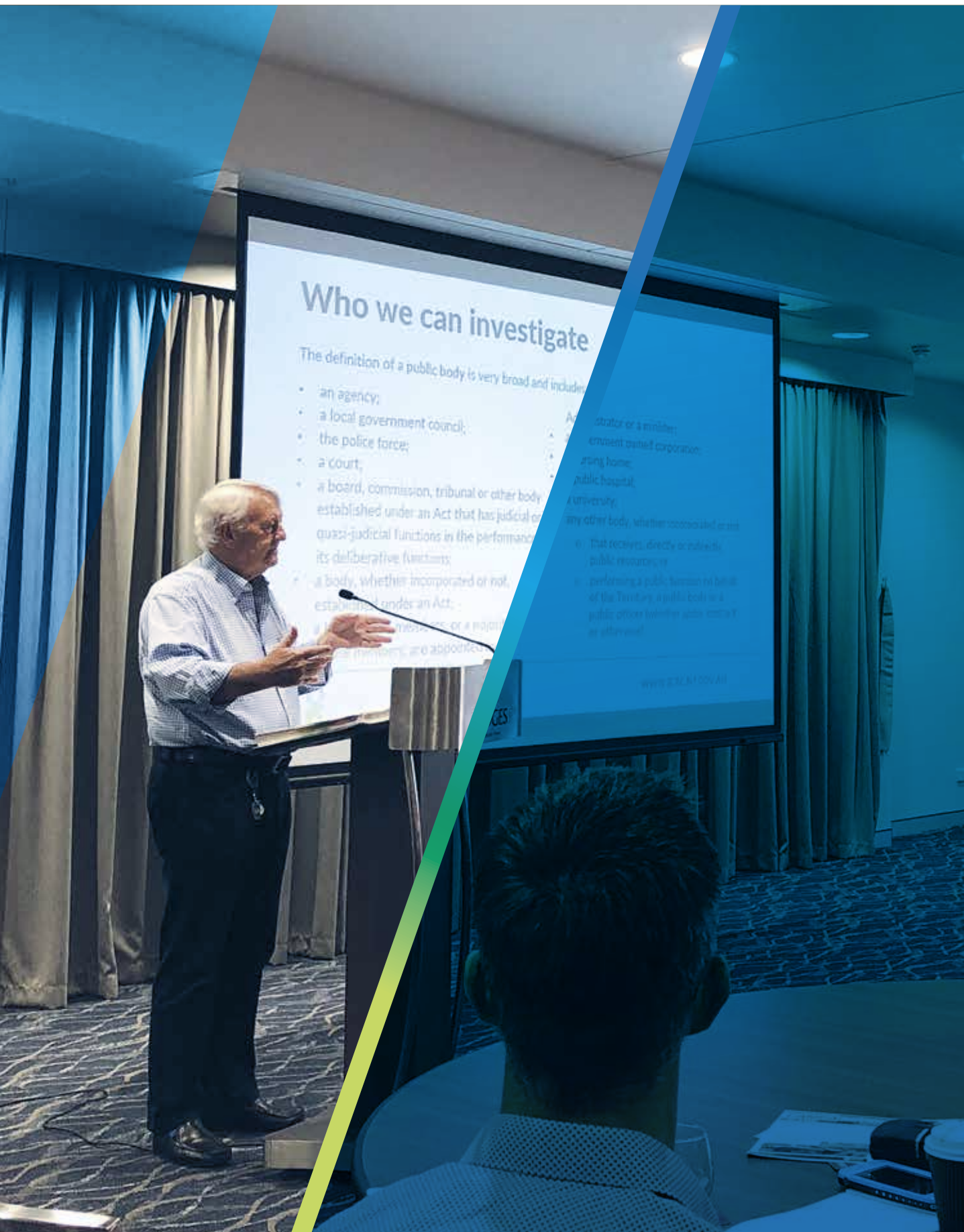
Improper conduct hurts everyone.

Reporting improper conduct helps the Office of the ICAC to:

- expose improper conduct and risks that may otherwise remain hidden;
- provide assurances that dishonest practices are disrupted and stopped;
- ensure that public sector employees act in the public's interest;
- identify improper conduct trends, issues and potential risks; and
- gather intelligence that may lead to an ICAC investigation.

### To report improper conduct, contact the Office of the ICAC:

- ☎ Freecall 1800 250 918
- ✉ [icac.nt@icac.nt.gov.au](mailto:icac.nt@icac.nt.gov.au)
- 🌐 [icac.nt.gov.au](http://icac.nt.gov.au)
- 📍 Level 9  
9-11 Cavenagh Street,  
Darwin NT
- 🌐 Follow us on LinkedIn



## Who we can investigate

The definition of a public body is very broad and includes:

- an agency;
- a local government council;
- the police force;
- a court;
- a board, commission, tribunal or other body established under an Act that has judicial or quasi-judicial functions in the performance of its deliberative functions;
- a body, whether incorporated or not, established under an Act;
- a body, whether incorporated or not, established under a royal charter or a royal warrant;
- a body, whether incorporated or not, established under a royal charter or a royal warrant, which is a public officer within the same meaning as afforded.

www.icac.act.gov.au

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

# Annual financial statements

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*Year ended 30 June 2019*

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## **Financial statement overview for the year ended 30 June 2019**

The Office of the Independent Commissioner Against Corruption (ICAC) received appropriation from the Northern Territory Government of \$3.6m, and returned a surplus of \$0.9m. The surplus arose because ICAC commenced operation on 30 November 2018, and therefore only incurred staffing and operational expenses for part of the financial year.

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

**CERTIFICATION  
OF THE FINANCIAL STATEMENTS**

We certify that the attached financial statements for the Office of the Independent Commissioner Against Corruption have been prepared based on proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995* and Treasurer's Directions.

We further state that the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2019 and the financial position on that date.

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

**Kenneth Fleming QC**

Independent Commissioner  
Against Corruption  
30 September 2019

**Kylie Davis**

Business Manager  
30 September 2019

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

## Comprehensive operating statement

For the year ended 30 June 2019

	Note	2019	2018
		\$000	\$000
<b>INCOME</b>			
Appropriation			
Output		3,387	-
Goods and services received free of charge	4	174	-
<b>TOTAL INCOME</b>	3	<b>3,561</b>	-
<b>EXPENSES</b>			
Employee expenses		1,487	-
Administrative expenses			
Purchases of goods and services	5	973	-
Other administrative expenses <sup>1</sup>		174	-
<b>TOTAL EXPENSES</b>		<b>2,634</b>	-
<b>NET SURPLUS/(DEFICIT)</b>		<b>927</b>	-
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	-
<b>COMPREHENSIVE RESULT</b>		<b>927</b>	-

<sup>1</sup> Includes DCIS service charges.

*The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.*

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

**Balance sheet**

As at 30 June 2019

	Note	2019	2018
		\$000	\$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	7	1,108	-
Receivables	9	54	-
<b>Total current assets</b>		<b>1,162</b>	-
<b>Non-current assets</b>		-	-
<b>Total non-current assets</b>		-	-
<b>TOTAL ASSETS</b>		<b>1,162</b>	-
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	88	-
Provisions	11	147	-
<b>Total current liabilities</b>		<b>235</b>	-
<b>Non-current liabilities</b>		-	-
<b>Total non-current liabilities</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>235</b>	-
<b>NET ASSETS</b>		<b>927</b>	
<b>EQUITY</b>			
Accumulated funds		927	-
<b>TOTAL EQUITY</b>		<b>927</b>	-

*The Balance Sheet is to be read in conjunction with the notes to the financial statements.*



## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

## Statement of changes in equity

For the year ended 30 June 2019

	Note	Equity at 1 July 2018	Comprehensive result	Transactions with owners in their capacity as owners	Equity at 30 June 2019
		\$000	\$000	\$000	\$000
<b>2018-19 Accumulated funds</b>		-	927 <sup>1</sup>	-	927
		-	927	-	927
<b>Capital - Transactions with owners</b>					
Equity injections					
Other equity injections		-	-	50	50
Equity withdrawals					
Capital Withdrawal		-	-	(50)	(50)
<b>Total equity at end of financial year</b>		-	<b>927</b>	-	<b>927</b>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

<sup>1</sup> Net surplus/(deficit) from the comprehensive operating statement.

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

## Cash flow statement

For the year ended 30 June 2019

	Note	2019	2018
		\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating receipts</b>			
Appropriation			
Output		3,387	-
Receipts from sales of goods and services		7	-
<b>Total operating receipts</b>		<b>3,394</b>	<b>-</b>
<b>Operating payments</b>			
Payments to employees		(1,327)	
Payments for goods and services		(959)	
<b>Total operating payments</b>		<b>(2,286)</b>	
<b>Net cash from/(used in) operating activities</b>		<b>1,108</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Net cash from/(used in) investing activities</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Financing receipts</b>			
Equity injections			
Other equity injections		50	-
<b>Total financing receipts</b>		<b>50</b>	<b>-</b>
<b>Financing payments</b>			
Equity withdrawals		(50)	-
<b>Total financing payments</b>		<b>(50)</b>	<b>-</b>
<b>Net cash from/(used in) financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash held		1,108	-
Cash at beginning of financial year		-	-
<b>CASH AT END OF FINANCIAL YEAR</b>	7	<b>1,108</b>	<b>-</b>

The cash flow statement is to be read in conjunction with the notes to the financial statements.

**OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION**

Notes to the financial statements  
For the year ended 30 June 2019

# Index of notes to the financial statements

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2. Statement of significant accounting policies
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- ASSETS**
7. Cash and deposits
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11. Provisions
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13. Related parties
14. Contingent liabilities and contingent assets
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## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

Notes to the financial statements  
For the year ended 30 June 2019

# 1. Objectives and funding

The Office of the Independent Commissioner Against Corruption (ICAC) was established under the Independent Commissioner Against Corruption Act 2017. The objectives of the ICAC are to prevent, detect, investigate and respond to improper conduct by public officers, bodies and those who receive government funds, while protecting persons who assist in this role, whilst improving public confidence that improper conduct will be detected and dealt with appropriately.

The ICAC is funded and therefore dependent on the receipt of Parliamentary appropriations. The financial statements encompass all funds through which the agency controls resources to carry on its functions and deliver outputs.

### a) Machinery of government changes

#### Transfers in

Details of transfer: Public Interest Disclosures transferred from the Department of the Attorney-General and Justice

Basis of transfer: Administrative Arrangements Order 30 November 2018

Date of transfer: Effective from 1 July 2018

The assets and liabilities transferred as a result of this change were as follows:

Assets	\$000
Cash	610
	610
<b>Liabilities</b>	
Provisions	6
Other liabilities	44
	50
<b>Net assets</b>	<b>560</b>

#### Transfers in

Details of transfer: Funding transferred from the Department of the Chief Minister

Basis of transfer: Administrative Arrangements Order 30 November 2018

Date of transfer: Effective from 1 July 2018

The assets and liabilities transferred as a result of this change were as follows:

Assets	\$000
Cash	3,000
	3,000
<b>Liabilities</b>	
Provisions	-
Other liabilities	-
	-
<b>Net assets</b>	<b>3,000</b>

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

Notes to the financial statements  
For the year ended 30 June 2019

# 2. Statement of significant accounting policies

### a. Statement of compliance

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act 1995* and related Treasurer's Directions. The Financial Management Act 1995 requires the Office of the Independent Commissioner Against Corruption to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of agency financial statements should include:

- i. a certification of the financial statements
- ii. a comprehensive operating statement
- iii. a balance sheet
- iv. a statement of changes in equity
- v. a cash flow statement and
- vi. applicable explanatory notes to the financial statements.

### b. Basis of accounting

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra agency transactions and balances have been eliminated.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The form of the agency financial statements is also consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

## Standards and interpretations effective from 2018-19

### AASB 9 Financial Instruments

The agency applied AASB 9 for the first time in 2018-19. AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. The agency has not restated the comparative information, which continues to be reported under AASB 139. Whilst the agency has adopted AASB 9

ongoing, there was no financial impact in 2018-19.

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no impact on public sector reporting.

### Standards and interpretations issued but not yet effective

No Australian accounting standards have been early adopted for 2018-19.

On the date of authorisation of the financial statements, the following standards and interpretations were in issue but are not yet effective and are expected to have an impact on future reporting periods:

#### AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and will be reported for the first time in 2019-20 financial statements. When effective, the standard will supersede AASB 117 Leases and require the majority of leases to be recognised on the balance sheet.

It is expected that the new lease standard will have no impact on the Agency's financial statements, as existing lease arrangements are with other NT government agencies, who are exempt from the recognition criteria as per Treasurer's directions.

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

AASB 1058 Income for Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers are effective for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019 and will be reported for the first time in 2019-20 financial statements.

AASB 1058 clarifies and simplifies income-recognition requirements that apply to not-for-profit entities in conjunction with AASB 15.

Under AASB 15, revenue from agreements which are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities will be recognised in the balance sheet after adoption of this standard.

Where a transaction does not meet the criteria above or is classified as a donation transaction, revenue will

**OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION**Notes to the financial statements  
For the year ended 30 June 2019

be accounted for in accordance with AASB 1058.

Given ICAC receives all its funding through appropriation from the Northern Territory Government, these standards will not result in a change to the recognition or measurement of revenue.

**c. Reporting entity**

The financial statements cover the Agency as an individual reporting entity.

The Office of the Independent Commissioner Against Corruption ("the Agency") is a Northern Territory agency established under the *Interpretation Act 1978 Administrative Arrangements Order*.

The principal place of business of the Agency is: Level 9, 9-11 Cavenagh St, Darwin NT 0800.

**d. Agency and Territory items**

The financial statements of the ICAC include income, expenses, assets, liabilities and equity over which the ICAC has control (Agency items).

**e. Comparatives**

The reclassification of comparative information for the 2018-19 financial year is not applicable as the ICAC commenced operation on 30 November 2018.

**f. Presentation and rounding of amounts**

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less being rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

**g. Changes in accounting policies**

There have been no changes to accounting policies adopted in 2018-19 as a result of management decisions.

**h. Accounting judgments and estimates**

The preparation of the financial report requires the making of judgments and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements.

**i. Goods and services tax**

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

**j. Contributions by and distributions to government**

The agency may receive contributions from Government where the Government is acting as owner of the agency. Conversely, the agency may make distributions to Government. In accordance with the *Financial Management Act 1995* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, Government. These designated contributions and distributions are treated by the agency as adjustments to equity.

The statement of changes in equity provides additional information in relation to contributions by, and distributions to, Government.

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

Notes to the financial statements

For the year ended 30 June 2019

### 3. Comprehensive operating statement by output group

	Note	Office of the Independent Commissioner Against Corruption		Corporate and Governance		Total	
		2019	2018	2019	2018	2019	2018
		\$000	\$000	\$000	\$000	\$000	\$000
<b>INCOME</b>							
Appropriation							
Output		3,387	-	-	-	3,387	-
Goods and services received free of charge	4	-	-	174	-	174	-
<b>TOTAL INCOME</b>		<b>3,387</b>	<b>-</b>	<b>174</b>	<b>-</b>	<b>3,561</b>	<b>-</b>
<b>EXPENSES</b>							
Employee expenses		1,487	-	-	-	1,487	-
Administrative expenses							
Purchases of goods and services	5	973	-	-	-	973	-
Other administrative expenses <sup>1</sup>		-	-	174	-	174	-
<b>TOTAL EXPENSES</b>		<b>2,460</b>	<b>-</b>	<b>174</b>	<b>-</b>	<b>2,634</b>	<b>-</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>927</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE RESULT</b>		<b>927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>927</b>	<b>-</b>

<sup>1</sup> Includes DCIS service charges.

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

Notes to the financial statements  
For the year ended 30 June 2019

### Income

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

### Appropriation

Output appropriation is the operating payment to each

agency for the outputs they provide and is calculated as the net cost of agency outputs after taking into account funding from agency income. It does not include any allowance for major non-cash costs such as depreciation.

Revenue in respect of appropriations is recognised in the period in which the agency gains control of the funds.

As a consequence of Administrative Arrangements Order changes on 30 November 2018, financial statements of the Agency reflect the actual period of responsibility for the outputs, being the period 1 July 2018 to 30 June 2019.

## 4. Goods and services received free of charge

	2019	2018
	\$000	\$000
Corporate and information services	174	-
	<b>174</b>	<b>-</b>

## 5. Purchases of goods and services

The net surplus/(deficit) has been arrived at after charging the following expenses:

Goods and services expenses:	2019	2018
Consultants <sup>1</sup>	663	-
Office equipment	40	-
Training, study, professional development and conferences	26	-
Marketing and promotion <sup>3</sup>	21	-
Recruitment <sup>5</sup>	19	-
Official duty fares	18	-
Travelling allowance	12	-



## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

Notes to the financial statements  
For the year ended 30 June 2019

Goods and services expenses:	2019	2018
Document production	9	-
Legal expenses <sup>4</sup>	-	-
Advertising <sup>2</sup>	1	-
Other	165	-
	<b>973</b>	<b>-</b>

<sup>1</sup> Includes investigation, marketing, promotion and IT consultants.

<sup>2</sup> Does not include recruitment, advertising or marketing and promotion advertising.

<sup>3</sup> Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the consultants' category.

<sup>4</sup> Includes legal fees, claim and settlement costs.

<sup>5</sup> Includes recruitment-related advertising costs.

## 6. Write-off, postponements, waivers, gifts and ex-gratia payments

The ICAC had no write-offs, postponements, waivers, gifts or ex gratia payments in 2018-19 and 2017-18.

## 7. Cash and deposits

	2019	2018
	\$000	\$000
Cash at bank	1,108	-
	<b>1,108</b>	<b>-</b>

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash.

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

Notes to the financial statements  
For the year ended 30 June 2019

## 8. Cash flow reconciliation

### a) Reconciliation of cash

The total of agency 'Cash and deposits' of \$1.108m recorded in the balance sheet is consistent with that recorded as 'Cash' in the cash flow statement.

Reconciliation of net surplus/deficit to net cash from operating activities	
<b>Net surplus/deficit</b>	<b>927</b>
<i>Changes in assets and liabilities:</i>	
Decrease/increase in receivables	(54)
Decrease/increase in payables	88
Decrease/increase in provision for employee benefits	147
<b>Net cash from operating activities</b>	<b>1,108</b>

## 9. Receivables

	2019	2018
	\$000	\$000
<b>Current</b>		
GST receivables	54	-
<b>Total receivables</b>	<b>54</b>	<b>-</b>

Receivables include accounts and other receivables and are recognised at fair value less any loss allowance.

Accounts receivable are generally settled within 30 days and other receivables within 60 days.

## OFFICE OF THE INDEPENDENT COMMISSIONER AGAINST CORRUPTION

Notes to the financial statements  
For the year ended 30 June 2019

## 10. Payables

	2019	2018
	\$000	\$000
Accrued expenses	83	-
Other payables	6	-
<b>Total payables</b>	<b>89</b>	<b>-</b>

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency.

## 11. Provisions

	2019	2018
	\$000	\$000
<b>Current</b>		
<i>Employee benefits</i>		
Recreation leave	108	-
Leave loading	20	-
<i>Other current provisions</i>		
Other provisions	19	-
<b>Total provisions</b>	<b>147</b>	<b>-</b>

ICAC employed 14 employees as at 30 June 2019, and nil employees as at 30 June 2018.

Other provisions include payroll tax, fringe benefits tax and employee superannuation contributions.

### Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

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Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave and other leave entitlements and
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including ICAC and as such no long service leave liability is recognised in agency financial statements.

## 12. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the balance sheet when the agency becomes a party to the contractual provisions of the financial instrument. The agency's financial instruments include cash and deposits; receivables and payables.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments: Presentation. These include statutory receivables arising from taxes including GST and penalties.

The ICAC has limited exposure to financial risks as discussed below.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The NT Government's investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise the risk. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

### a) Categories of financial instruments

The carrying amounts of the agency's financial assets and liabilities by category are disclosed in the table below.

#### 2018-19 Categories of financial instruments

	Amortised Cost	Total
	\$000	\$000
Cash and deposits	1,108	1,108
<b>Total financial assets</b>	<b>1,108</b>	<b>1,108</b>
Payables and other liabilities	89	89
<b>Total financial liabilities</b>	<b>89</b>	<b>89</b>

ICAC was not operational in 2017-18, therefore no are comparatives available.

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Subsequent measurement of debt instruments is dependent on the agency's business model for managing the asset and cash flow characteristics of the asset. ICAC classifies its debt instruments by Amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated by using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses).

#### b) Credit risk

The ICAC has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, the ICAC has adopted a policy of only dealing with credit worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the agency's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

#### c) Liquidity risk

Liquidity risk is the risk that the ICAC will not be able to meet its financial obligations as they fall due. The ICAC's approach to managing liquidity is to ensure that it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring that minimum levels of cash are held in the Agency bank account to meet various current employee and supplier liabilities. The agency's exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event that one-off extraordinary expenditure items arise that deplete cash to levels that compromise the agency's ability to meet its financial obligations.

The following tables detail the agency's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the balance sheet which are based on discounted cash flows.

#### 2019 Maturity analysis for financial liabilities

	Carrying amount	Less than a year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000
Liabilities					
Payables	89	89			89
<b>Total financial liabilities</b>	<b>89</b>	<b>89</b>			<b>89</b>

#### d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk.

##### (i) Interest rate risk

The ICAC is not exposed to interest rate risk as agency financial assets and financial liabilities are non interest bearing.

##### (ii) Price risk

The ICAC is not exposed to price risk as it does not hold units in unit trusts.

##### (iii) Currency risk

The ICAC is not exposed to currency risk as it does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

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## 13. Related parties

### i) Related Parties

The ICAC is a government administrative entity and is wholly owned by the Territory Government. Related parties of the agency include:

- key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the agency directly; and
- close family members of the KMP including spouses, children and dependants; and
- all public sector entities that are controlled

and consolidated into the whole of government financial statements; and

- any entities controlled or jointly controlled by KMP's or controlled or jointly controlled by their close family members.

### ii) Key management personnel (KMP)

Key management personnel of the ICAC are those persons having authority and responsibility for planning, directing and controlling the activities of the ICAC. These include the Commissioner and the General Manager.

### iii) Remuneration of key management personnel

The aggregate compensation of key management personnel of the ICAC is set out below:

	2018-19	2017-18
	\$000	\$000
Short-term benefits	365	-
Long-term benefits	-	-
Termination benefits	-	-
<b>Total</b>	<b>365</b>	<b>-</b>

### iv) Related party transactions:

#### Transactions with Northern Territory Government controlled entities

The ICAC's primary ongoing source of funding is received from the Central Holding Authority in the form of output and capital appropriation.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

2019 Related party	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
All NT Government Departments	174	361	-	8
Total Subsidiaries	-	13	-	-

The department's transactions with other government entities are not individually significant.

#### Other related party transactions are as follows:

There were no related party transactions between Key Management Personnel, their spouses, children and dependents who are close family members, and ICAC during 2018-19.

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## **14. Contingent liabilities and contingent assets**

ICAC had no contingent liabilities or contingent assets as at 30 June 2019, or 30 June 2018.

## **15. Events subsequent to balance date**

No significant events have arisen between the end of the financial year and the date of this financial report that require any adjustments to or disclosure in these financial statements.

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## 16. Budgetary information

Comprehensive Operating Statement	2018-19 Actual	2018-19 Budget <sup>a</sup>	Variance	Note
	\$000	\$000	\$000	\$000
<b>INCOME</b>				
Output	3,387	3,387	-	
	174	223	(49)	
<b>TOTAL INCOME</b>	<b>3,561</b>	<b>3,610</b>	<b>(49)</b>	
<b>EXPENSES</b>				
	1,487	1,348	139	
Administrative expenses	973	2,039	(1066)	1
Other administrative expenses	174	223	(49)	
	<b>2,634</b>	<b>3,610</b>	<b>(976)</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>927</b>	<b>-</b>	<b>927</b>	
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>COMPREHENSIVE RESULT</b>	<b>927</b>	<b>-</b>	<b>927</b>	

**Notes:** The following note descriptions relate to significant variances against budget.

<sup>1</sup> ICAC commenced operation on 30 November 2018, therefore only partial year expenses were incurred.

<sup>a</sup> 2018-19 Budget amounts correspond to those disclosed in the NTG Budget 2019-20 BP3 Agency Budget Statements (May 2019), classified on a basis that is consistent with the presentation and classification adopted in the corresponding Financial Statements.



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Balance Sheet	2018-19 Actual	2018-19 Budget	Variance	Note
	\$000	\$000	\$000	
<b>ASSETS</b>				
Cash and deposits	1,108	-	1,108	
	54	-	54	
<b>Total current assets</b>	<b>1,162</b>	<b>-</b>	<b>1,162</b>	
	-	-	-	
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>1,162</b>	<b>-</b>	<b>1,162</b>	
<b>LIABILITIES</b>				
Payables	88	-	88	
Provisions	147	-	147	
<b>Total current liabilities</b>	<b>235</b>	<b>-</b>	<b>235</b>	
<b>Non-current liabilities</b>				
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL LIABILITIES</b>	<b>235</b>	<b>-</b>	<b>235</b>	
<b>NET ASSETS</b>	<b>927</b>	<b>-</b>	<b>927</b>	
<b>EQUITY</b>				
Accumulated funds	927	-	927	
<b>TOTAL EQUITY</b>	<b>927</b>	<b>-</b>	<b>927</b>	

**Note:** The Office of the ICAC was established on 30 November 2018. At the time of establishment, ICAC had not acquired any assets or liabilities.

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Cash Flow Statement	2018-19 Actual	2018-19 Budget <sup>a</sup>	Variance	Note
				(1)
	3,387	3,387	-	
	7	-	7	
	<b>3,394</b>	<b>3,387</b>	<b>7</b>	
	(1,327)	(1,348)	21	
	(959)	(2,039)	1,080	
	<b>(2,286)</b>	<b>(3,387)</b>	<b>1,101</b>	
	<b>1,108</b>	-	<b>1,108</b>	
	-	-	-	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Financing receipts				
	50	-	50	
	<b>50</b>	-		
	(50)	-	(50)	
		-	<b>(50)</b>	
	-	-	-	
	1,108	-	1,108	
	-	-	-	
	<b>1,108</b>	-	<b>1,108</b>	

## Notes:

(1) ICAC commenced operation on 30 November 2018, therefore only partial year expenses were incurred.

<sup>a</sup> 2018-19 Budget amounts correspond to those disclosed in the NTG Budget 2019-20 BP3 Agency Budget Statements (May 2019), classified on a basis that is consistent with the presentation and classification adopted in the corresponding Financial Statements.



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