This section provides details of the Office's audited financial statements and key performance indicators, along with information on other mandatory disclosures and legal compliance.

- Independent Audit Opinion
- Financial Statements
- Key Performance Indicators
- Other Disclosures and Legal Compliance
  - Ministerial Directives
  - Other Financial Disclosures
  - Employee Information
  - Governance Disclosures
  - Other Legal Requirements
  - Government Policy Requirements

Independent Audit Opinion

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS

Report on the Financial Statements

Opinion

I have audited the financial statements of the Parliamentary Commissioner for Administrative Investigations which comprise the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Parliamentary Commissioner for Administrative Investigations for the year ended 30 June 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Parliamentary Commissioner for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006,* my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment 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 agency's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parliamentary Commissioner.

- Conclude on the appropriateness of the Parliamentary Commissioner'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 agency'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 conclusions are based on the audit evidence obtained up to the date of my auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Parliamentary Commissioner 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.

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by the Parliamentary Commissioner for Administrative Investigations are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2017.

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

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

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

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

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

Report on the Key Performance Indicators

Opinion
I have undertaken a reasonable assurance engagement on the key performance indicators of the Parliamentary Commissioner for Administrative Investigations for the year ended 30 June 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Parliamentary Commissioner for Administrative Investigations are relevant and appropriate to assist users to assess the Parliamentary Commissioner's performance and fairly represent indicated performance for the year ended 30 June 2017.

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

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

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

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

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

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators
This auditor's report relates to the financial statements and key performance indicators of the Parliamentary Commissioner for Administrative Investigations for the year ended 30 June 2017 included on the Parliamentary Commissioner's website. The Parliamentary Commissioner's management is responsible for the integrity of the Parliamentary Commissioner's website. This audit does not provide assurance on the integrity of the Parliamentary Commissioner's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
2 August 2017

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Financial Statements

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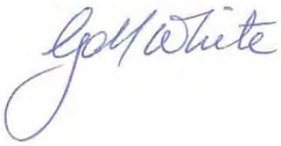
Financial Statements

Certification of Financial Statements

For the year ended 30 June 2017

The accompanying financial statements of the Parliamentary Commissioner for Administrative Investigations have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2017 and the financial position as at 30 June 2017.

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.



Mary White
Chief Finance Officer

1 August 2017

Chris Field
Accountable Authority

1 August 2017

Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $	2016 $
COST OF SERVICES			
Expenses			
Employee benefits expense	6.	8,431,813	7,796,100
Supplies and services	8.	1,029,470	1,165,365
Depreciation and amortisation expense	9.	177,906	252,109
Accommodation expenses	10.	1,427,269	1,417,842
Other expenses	11.	39,877	31,693
Total cost of services		**11,106,335**	**10,663,109**
Income			
Revenue			
Other revenue	13.	2,055,313	2,048,126
Total Revenue		**2,055,313**	**2,048,126**
Net Gain/(Loss)			
Net gain or loss on disposal of non-current assets	14.	-	(18)
Total Gain/(Loss)		**-**	**(18)**
Total income other than income from State Government		**2,055,313**	**2,048,108**
NET COST OF SERVICES		**9,051,022**	**8,615,001**
Income from State Government	15.		
Service appropriation		8,166,000	8,641,000
Services received free of charge		484,292	508,249
Total income from State Government		**8,650,292**	**9,149,249**
(DEFICIT)/SURPLUS FOR THE PERIOD		**(400,729)**	**534,248**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(400,729)**	**534,248**

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

Statement of Financial Position

As at 30 June 2017

	Note	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	25.	1,849,259	2,342,055
Restricted cash and cash equivalents	16. 25.	2,873	-
Other current assets	34.	95,169	95,272
Receivables	17.	44,404	79,284
Amounts receivable for services	18.	208,000	208,000
Total Current Assets		**2,199,706**	**2,724,611**
Non-Current Assets			
Restricted cash and cash equivalents	16. 25.	32,202	-
Amounts receivable for services	18.	1,971,000	1,958,000
Plant and equipment	19.	96,572	94,036
Intangible assets	20.	267,279	47,261
Total Non-Current Assets		**2,367,053**	**2,099,297**
TOTAL ASSETS		**4,566,759**	**4,823,908**
LIABILITIES			
Current Liabilities			
Payables	22.	83,715	67,439
Provisions	23.	1,479,979	1,558,557
Other current liabilities	35.	48,184	-
Total Current Liabilities		**1,611,877**	**1,625,996**
Non-Current Liabilities			
Provisions	23.	464,679	360,778
Other non-current liabilities	35.	53,798	-
Total Non-Current Liabilities		**518,477**	**360,778**
TOTAL LIABILITIES		**2,130,355**	**1,986,774**
NET ASSETS		**2,436,404**	**2,837,134**
EQUITY	24.		
Contributed equity		1,206,000	1,206,000
Accumulated surplus		1,230,404	1,631,134
TOTAL EQUITY		**2,436,404**	**2,837,134**

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

Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Contributed equity $	Reserves $	Accumulated surplus/(deficit) $	Total equity $
Balance at 1 July 2015	24.	**1,206,000**	**-**	**1,096,886**	**2,302,886**
Surplus		-	-	534,248	534,248
Total comprehensive income for the year		-	-	534,248	534,248
Balance at 30 June 2016		**1,206,000**	**-**	**1,631,134**	**2,837,134**
Balance at 1 July 2016		**1,206,000**	**-**	**1,631,134**	**2,837,134**
Surplus/(Deficit)		-	-	(400,729)	(400,729)
Total comprehensive income for the year		-	-	(400,729)	(400,729)
Balance at 30 June 2017		**1,206,000**	**-**	**1,230,404**	**2,436,404**

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

Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		7,945,000	8,392,000
Capital appropriations		-	-
Holding account drawdown		208,000	208,000
Net cash provided by State Government		**8,153,000**	**8,600,000**
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(8,385,880)	(7,959,285)
Supplies and services		(866,505)	(1,062,815)
Accommodation		(1,112,101)	(1,072,318)
GST payments on purchases		(230,234)	(228,677)
GST payments to taxation authority		-	(16,779)
Other payments		(25,100)	(24,600)
Receipts			
User charges and fees		2,061,435	2,034,831
GST receipts on sales		197,407	198,284
GST receipts from taxation authority		48,736	38,856
Net cash used in operating activities	25.	**(8,312,241)**	**(8,092,503)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(298,480)	(112,807)
Payment for disposal of non-current assets		-	(18)
Net cash used in investing activities		**(298,480)**	**(112,825)**
Net (decrease)/increase in cash and cash equivalents		(457,721)	394,672
Cash and cash equivalents at the beginning of the period		2,342,055	1,947,383
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	25.	**1,884,334**	**2,342,055**

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

Statement of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2017

	2017 Estimate $	2017 Actual $	Variance $	2017 Actual $	2016 Actual $	Variance $
Delivery Services						
Item 4 Net amount appropriated to deliver services	7,507,000	7,507,000	-	7,507,000	7,982,000	(475,000)
Amount Authorised by Other Statutes						
- *Parliamentary Commissioner Act 1971*	659,000	659,000	-	659,000	659,000	-
Total appropriations provided to deliver services	**8,166,000**	**8,166,000**	**-**	**8,166,000**	**8,641,000**	**(475,000)**
Capital						
Item 118 Capital appropriations	-	-	-	-	-	-
GRAND TOTAL	**8,166,000**	**8,166,000**	**-**	**8,166,000**	**8,641,000**	**(475,000)**
Details of Expenses by Service						
Resolving complaints about decision making of public authorities and improving the standard of public administration	10,595,000	11,106,335	511,335	11,106,335	10,663,109	443,226
Total Cost of Services	**10,595,000**	**11,106,335**	**511,335**	**11,106,335**	**10,663,109**	**443,226**
Less Total Income	(1,989,000)	(2,055,313)	(66,313)	(2,055,313)	(2,048,126)	(7,187)
Net Cost of Services	**8,606,000**	**9,051,022**	**445,022**	**9,051,022**	**8,614,983**	**436,039**
Adjustment [(a)]	(440,000)	(885,022)	(445,022)	(885,022)	26,017	(911,039)
Total appropriations provided to deliver services	**8,166,000**	**8,166,000**	**-**	**8,166,000**	**8,641,000**	**(475,000)**
Capital Expenditure						
Purchase of non-current assets	208,000	298,480	90,480	298,480	112,807	185,673
Adjustments for other funding sources	(208,000)	(298,480)	(90,480)	(298,480)	(216,200)	(82,280)
Capital appropriations	**-**	**-**	**-**	**-**	**(103,393)**	**103,393**

(a) Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 29 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2017 and between the actual results for 2017 and 2016.

Notes to the Financial Statements
For the year ended 30 June 2017

Note 1. Australian Accounting Standards

General

The financial statements for the Parliamentary Commissioner for Administrative Investigations (**the Ombudsman**) for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**).

The office of the Ombudsman (**the Office**), has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by *TI 1101 Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Office for the annual reporting period ended 30 June 2017.

Note 2. Summary of significant accounting policies

(a) General statement

The Office is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

Note 3 'Judgments made by management in applying accounting policies' discloses judgments that have been made in the process of applying the Office's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Parliamentary Commissioner for Administrative Investigations, generally known as the Ombudsman.

Mission

The mission of the Ombudsman is to serve Parliament and Western Australians by:

- Resolving complaints about decision making of public authorities; and
- Improving the standard of public administration.

The Office is predominantly funded by Parliamentary appropriation. The Ombudsman also performs the functions of the Energy and Water Ombudsman Western Australia (**EWOWA)** under a services agreement with the Board of Energy and Water Ombudsman (Western Australia) Limited, the governing body of EWOWA. The Office recoups the costs for EWOWA from the Board. The financial statements encompass all funds through which the Office controls resources to carry on its functions.

Services

The Office provides the following service:

Service 1: Resolving complaints about decision making of public authorities and improving the standard of public administration

Investigating and resolving complaints from members of the public about Western Australian public authorities and improving the standard of public administration by identifying and investigating concerns that affect the broader community, making recommendations for improvement and identifying and promoting good decision making and practices.

The Office does not administer assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to, the function of the Office.

(d) Contributed equity

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

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Service appropriations

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

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the most recent determination, as quantified in the 2016-17 Budget Statements, the Office retained **$2,055,313** in 2017 (**$2,048,108** in 2016) from the following:

- GST Input Credits;
- Proceeds from fees and charges; and
- Other Office receipts.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Office obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Gains

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Plant and equipment

Capitalisation/expensing of assets

Items of plant and equipment costing $5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than $5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

For items of plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition of an asset, the historical cost is used for plant and equipment. All items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Furniture and fittings	10 years
Plant and machinery	10 years
Computer hardware	3 years
Office equipment	5 years

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Office have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Software (a)	3 years

(a) Software that is not integral to the operation of any related hardware.

Computer software

Software that is an integral part of the related hardware is recognised as plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

(h) Impairment of assets

Plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit and loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Office is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence.

Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Leases

The Office holds operating leases for its office buildings and motor vehicles. Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased property.

(j) Financial instruments

In addition to cash, the Office has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivable for services
- Financial Liabilities
  - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and cash equivalents

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

(l) Accrued salaries

Accrued salaries (see note 22 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 16 'Restricted cash & cash equivalents), consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(m) Amounts receivable for services (holding account)

The Office receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Office will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

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

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields

at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

Superannuation

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

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (**GSS**), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (**WSS**). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (**GESBS**). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Office makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Office's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

The Office has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Office to GESB.

GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions - other

Employment on-costs

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

(q) Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to GESB in respect of the GSS is paid back into the Consolidated Account by GESB.

(r) Asset and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost, that the Office would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the

amounts recognised in the financial statements. The Office evaluates these judgements regularly.

Operating lease commitments

The Office has entered into a lease for a building used for office accommodation. It has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, this lease has been classified as an operating lease.

Note 4. Key sources of estimation uncertainty

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

Long Service Leave

Several estimations and assumptions used in calculating the Office's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Office has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2016 that impacted on the Office.

AASB 1057 — *Application of Australian Accounting Standards*

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.

AASB 2014-4 — *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]*

The adoption of this Standard has no financial impact for the Office as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.

AASB 2014-9 — *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]*

This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.

As the Office has no joint ventures and associates, the application of the Standard has no financial impact.

AASB 2015-1 — *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]*

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRS 2012-2014 Cycle in September 2014, and editorial corrections. The Office has determined that the application of the Standard has no financial impact.

AASB 2015-2 — *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]*

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.

AASB 2015-6 — *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]*

The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.

AASB 2015-10 — *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & 128*

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. By virtue of a limited exemption, the Office has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Where applicable, the Office plans to apply following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	*Financial Instruments* This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 *Amendments to Australian Accounting Standards*. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 15	*Revenue from Contracts with Customers* This Standard establishes the principles that the Office shall 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. The Office's income is principally derived from appropriations which will be measured under AASB 1058 *Income of Not-for-Profit Entities* and will be unaffected by this change. However, the Office has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Office has discharged its performance obligations.	1 Jan 2019

AASB 16	*Leases* This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Whilst the impact of AASB 16 has not yet been quantified, the Office currently has operating lease commitments for $1,020,114. The Office anticipates this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.	1 Jan 2019
AASB 1058	*Income of Not-for-Profit Entities* This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2019
AASB 2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]* This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018

AASB 2014-1	*Amendments to Australian Accounting Standards* Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Office to determine the application or potential impact of the Standard.	1 Jan 2018
AASB 2014-5	*Amendments to Australian Accounting Standards arising from AASB 15* This Standard gives effect to consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard .	1 Jan 2018
AASB 2014-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]* This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date (application date) for the Standard has been deferred to 1 Jan 2018 by AASB 2015-10. The Office has determined that the Standard has no financial impact.	1 Jan 2018

AASB 2015-8	*Amendments to Australian Accounting Standards – Effective Date of AASB 15* This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not-For-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Office has not yet determined the application or the potential impact of AASB 15.	1 Jan 2019
AASB 2016-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	1 Jan 2017
AASB 2016-3	*Amendments to Australian Accounting Standards – Clarifications to AASB 15* This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Office has not yet determined the application or the potential impact.	1 Jan 2018
AASB 2016-4	*Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement.* The Office has not yet determined the application or the potential impact.	1 Jan 2017

AASB 2016-7	*Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities* This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.	1 Jan 2017
AASB 2016-8	*Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.	1 Jan 2019
AASB 2017-2	*Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle* This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.	1 Jan 2017

Note 6. Employee benefits expense

	2017 $	2016 $
Wages and salaries[(a)]	7,671,948	7,047,867
Superannuation - defined contribution plans[(b)]	756,003	725,443
Other related expenses	3,862	22,789
	8,431,813	**7,796,100**

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component and leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State, GESB Super Scheme and other eligible funds.

Employment on-costs expenses, such as workers' compensation insurance are included at Note 11 'Other expenses'.

Employment on-costs liability is included in Note 23 'Provisions'.

Note 7. Compensation of Key Management Personnel

The Office has determined that key management personnel are the Ombudsman and senior officers of the Office. Total compensation for the Ombudsman and senior officers of the Office for the reporting period are presented within the following bands:

$	2017	2016
1 - 10,000	1[(a)]	-
60,001 - 70,000	-	1
80,001 - 90,000	-	1
100,001 - 110,000	1[(b)]	-
140,001 - 150,000	-	1
180,001 - 190,000	1	1
190,001 - 200,000	2	-
200,001 - 210,000	1	1
220,001 - 230,000	1	-
260,001 - 270,000	-	1
270,001 - 280,000	1	-
400,001 - 410,000	-	1
420,001 - 430,000	1	-

	2017 $	2016 $
Short-term employee benefits	1,609,638	1,280,403
Post-employment benefits	166,245	143,663
Other long-term benefits	48,542	(58,285)
Termination benefits	-	-
Total compensation of key management personnel	**1,824,425**	**1,365,781**

(a) The Senior Officer within the 1 - 10,000 band in 2017 commenced in June 2017.

(b) The Senior Officer within the 100,001 - 110,000 band in 2017 is employed part-time and commenced in October 2016.

Note 8. Supplies and services

	2017 $	2016 $
Communications	69,708	82,902
Consumables	106,084	145,675
Other[(a)]	266,602	271,143
Services and contracts	378,400	456,946
Services received free of charge	169,236	161,622
Travel	39,440	47,076
	1,029,470	**1,165,365**

(a) Includes expenses relating to motor vehicles, parking, utilities and insurance.

Note 9. Depreciation and amortisation expense

	2017 $	2016 $
Depreciation		
Furniture fixtures and fittings	681	682
Computer hardware	43,829	36,772
Communications	-	6,488
Office equipment	11,245	11,301
Total depreciation	**55,755**	**55,243**
Amortisation		
Intangible assets	122,151	196,866
Total amortisation	**122,151**	**196,866**
Total depreciation and amortisation	**177,906**	**252,109**

Note 10. Accommodation expenses

	2017 $	2016 $
Lease rentals	1,111,761	1,064,186
Repairs and maintenance	451	7,029
Services received free of charge[(a)]	315,057	346,627
	1,427,269	**1,417,842**

(a) Relates to the notional value of the depreciation of the fit-out of office accommodation provided through Building Management and Works.

Note 11. Other expenses

	2017 $	2016 $
Employment on-costs[(a)]	7,907	23
Audit fee	25,400	25,100
Other	6,570	6,570
	39,877	**31,693**

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at Note 23 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Note 12. Related Party Transactions

The Office is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the Office is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.

Related parties of the Office include:

- All Ministers, the Ombudsman and senior officers and their close family members, and their controlled or jointly controlled entities;
- Other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- Associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- The Government Employees Superannuation Board (**GESB**).

Significant transactions with government related entities

Significant transactions include:

- Service appropriations (Note 15);
- Services received free of charge from the Department of Finance, State Solicitor's Office, and the Department of the Premier and Cabinet (Note 15);
- Accommodation lease rental payments to the Department of Finance (Note 10); and
- Vehicle lease rental payments to the Department of Finance (Note 8 - Services and Contracts).
- Insurance and workers compensation premiums payments of $53,656 to Insurance Commission of Western Australia

Material transactions with other related parties

Significant transactions include:

- Superannuation payments to GESB (Note 6);

The Office had no material related party transaction with Ministers, the Ombudsman and senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

Note 13. Other revenue

	2017 $	2016 $
Other revenue - general	104,870	65,024
Other recoup[(a)]	1,950,443	1,983,101
	2,055,313	**2,048,126**

(a) Includes recoup for the costs of the functions of the Energy and Water Ombudsman Western Australia (see Note 1(c)) and services of the Office in relation to complaints involving the Indian Ocean Territories (see Note 32).

Note 14. Net gain/(loss) on disposal of non-current assets

	2017 $	2016 $
Net gain/(loss) from disposal of non-current assets		
Plant and equipment	-	(18)
Carrying amount of non-current assets disposed		
Plant and equipment	-	-
Net gain/(loss)	**-**	**(18)**

Note 15. Income from State Government

	2017 $	2016 $
Appropriation received during the period:		
Service appropriations[(a)]		
- Recurrent	7,507,000	7,982,000
- Special Acts	659,000	659,000
	8,166,000	**8,641,000**
Services received free of charge from other State Government Agencies during the period:[(b)]		
State Solicitor's Office	13,271	29,367
Department of the Premier and Cabinet	155,965	132,255
Department of Finance	315,057	346,627
	484,292	**508,249**
	8,650,292	**9,149,249**

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Note 16. Restricted cash and cash equivalents

	2017 $	2016 $
Current		
Indian Ocean Territories[(a)]	2,873	-
	2,873	**-**
Non-Current		
Accrued salaries suspense account[(b)]	32,202	-
	32,202	**-**

(a) Funds held in restricted cash for the purpose of providing services to the Indian Ocean Terrirories. See Note 32 'Indian Ocean Territories'.

(b) Funds held in the suspense account for the purpose of meeting the 27th pay in a financial year that occurs every 11th year.

Note 17. Receivables

	2017 $	2016 $
Current		
Receivables	30,959	45,011
GST receivable	5,390	20,070
Purchased leave receivable	8,055	14,203
Total current	**44,404**	**79,284**

There were no allowances made in the current year for the impairment of receivables (2015-16: nil).

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

Note 18. Amounts receivable for services (Holding Accounts)

	2017 $	2016 $
Current	208,000	208,000
Non-Current	1,971,000	1,958,000
	2,179,000	**2,166,000**

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability. See Note 2(m) 'Amounts receivable for services (Holding Account)'.

Note 19. Plant and equipment

	2017 $	2016 $
Furniture fixtures and fittings		
At cost	6,814	6,814
Accumulated depreciation	(3,577)	(2,895)
Accumulated impairment losses	-	-
	3,237	**3,919**
Computer hardware		
At cost	303,063	244,771
Accumulated depreciation	(227,534)	(183,705)
Accumulated impairment losses	-	-
	75,529	**61,066**
Office equipment		
At cost	56,844	56,844
Accumulated depreciation	(39,038)	(27,793)
Accumulated impairment losses	-	-
	17,806	**29,051**

	2017 $	2016 $
Communications		
At cost	213,050	213,050
Accumulated depreciation	(213,050)	(213,050)
Accumulated impairment losses	-	-
	-	-
	96,572	**94,036**

Reconciliation

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the reporting period are set out in the table below:

2017	Furniture and Fittings $	Computer Hardware $	Office Equipment $	Communications $	Total $
Carrying amount at start of period	3,919	61,066	29,051	-	94,035
Additions	-	58,292	-	-	58,292
Depreciation	(681)	(43,829)	(11,245)	-	(55,755)
Carrying amount at end of period	**3,237**	**75,529**	**17,806**	**-**	**96,572**

2016	$	$	$	$	$
Carrying amount at start of period	4,601	66,438	38,994	6,488	116,521
Additions	-	31,400	1,357	-	32,757
Depreciation	(682)	(36,772)	(11,301)	(6,488)	(55,243)
Carrying amount at end of period	**3,919**	**61,066**	**29,051**	**-**	**94,035**

Note 20. Intangible assets

	2017 $	2016 $
Computer Software		
At cost	1,537,710	1,195,541
Accumulated amortisation	(1,270,431)	(1,148,280)
Accumulated impairment losses	-	-
Total intangible assets	**267,279**	**47,261**

Reconciliation

	2017 $	2016 $
Computer Software		
Carrying amount at start of period	47,261	165,003
Additions	342,169	79,124
Amortisation expense	(122,151)	(196,866)
Carrying amount at end of period	**267,279**	**47,261**

Note 21. Impairment of assets

There were no indications of impairment to plant and equipment or intangible assets as at 30 June 2017.

The Office held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2017 have either been classified as assets held for sale or written-off.

Note 22. Payables

	2017 $	2016 $
Current		
Trade payables	-	-
Accrued expenses	50,913	66,090
Accrued salaries[(a)]	29,836	-
Accrued superannuation[(a)]	2,956	-
Other payables	10	1,349
Total current	**83,715**	**67,439**

(a) In 2015-16 there was no accrued salaries or superannuation due to the final pay occuring on 30 June 2016.

Note 23. Provisions

	2017 $	2016 $
Current		
Employee benefits provision		
Annual leave[(a)]	524,936	518,913
Long service leave[(b)]	931,374	1,034,229
Purchased leave scheme[(c)]	16,992	4,705
	1,473,302	**1,557,847**
Other provisions		
Employment on-costs[(d)]	6,677	710
	6,677	**710**
	1,479,979	**1,558,557**

	2017 $	2016 $
Non-current		
Employee benefits provision		
Long service leave[(b)]	462,574	360,613
	462,574	**360,613**
Other provisions		
Employment on-costs[(d)]	2,105	165
	2,105	**165**
	464,679	**360,778**

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2017 $	2016 $
Within 12 months of the end of the reporting period	403,829	381,325
More than 12 months after the end of the reporting period	121,107	137,588
	524,936	**518,913**

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2017 $	2016 $
Within 12 months of the end of the reporting period	351,517	323,625
More than 12 months after the end of the reporting period	1,042,431	1,071,217
	1,393,948	**1,394,842**

(c) Purchased leave liabilities have been classified as current as they must be cleared or paid out within 12 months.

(d) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in Note 11 'Other Expenses'.

Movement in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2017 $	2016 $
Employment on-cost provision		
Carrying amount at start of period	875	852
Additional provisions recognised	7,907	23
Carrying amount at end of period	**8,782**	**875**

Note 24. Equity

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

Contributed equity

	2017 $	2016 $
Balance at start of period	1,206,000	1,206,000
Contributions by owners		
Capital appropriation	-	-
Total contributions by owners	**-**	**-**
Balance at end of period	**1,206,000**	**1,206,000**

Accumulated surplus/(deficit)

	2017 $	2016 $
Balance at start of period	1,631,134	1,096,886
Result for the period	(400,729)	534,248
Balance at end of period	**1,230,404**	**1,631,134**
Total Equity at the end of period	**2,436,404**	**2,837,134**

Note 25. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2017 $	2016 $
Cash and cash equivalents	1,849,259	2,342,055
Indian Ocean Territories	2,873	-
Restricted cash and cash equivalents (Note 16 'Restricted cash and cash equivalents')	32,202	-
	1,884,334	**2,342,055**

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2017 $	2016 $
Net cost of services	(9,051,022)	(8,615,001)
Non-cash items:		
Depreciation and amortisation expense (Note 9. Depreciation and amortisation expense)	177,906	252,109
Services received free of charge (Note 15. Income from State Government)	484,292	508,249
Net (gain)/loss on disposal of non-current assets	-	18
(Increase)/decrease in assets:		
Current receivables[(a)]	20,200	(19,182)
Other current assets	103	7,526
Increase/(decrease) in liabilities:		
Accrued salaries	29,836	(197,982)
Accrued superannuation	2,956	(20,355)
Accrued expenses	(15,177)	7,734
Current payables[(a)]	(1,339)	(62,612)
Current provisions	(78,577)	71,125
Non-current provisions	103,901	(26,814)
Net GST (payments)/receipts[(b)]	14,679	4,972
Change in GST in receivables/payables[(c)]		(2,290)
Net cash (used in) operating activities	**(8,312,241)**	**(8,092,503)**

(a) Note that the Australian Taxation Office (**ATO**) receivable/payable in respect of Good and Services Tax (**GST**) and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

Note 26. Commitments

The commitments below are inclusive of GST where relevant.

Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Non-cancellable operating lease commitments

	2017 $	2016 $
Commitments for minimum leases payments are payable as follows:		
Within 1 year	984,135	974,925
Later than 1 year and not later than 5 years	35,979	972,277
Later than 5 years	-	-
	1,020,114	**1,947,202**

The Office has entered into a memorandum of understanding with the Department of Finance's Building Management and Works division for leasing floor space at Albert Facey House. The memorandum of understanding is not a legally binding agreement, however, it has been agreed that all parties will comply with the terms and conditions as if they were legally enforceable obligations. The memorandum of understanding covers a three year occupancy period from 2011-12 with an option to renew occupancy for an additional three years. Rent is payable monthly in arrears. In 2014-15 the Office renewed its occupancy for an additional three years to 30 June 2018. Contingent rent provisions within the memorandum of understanding require that the lease payments shall be subject to market indices each financial year.

The motor vehicle lease is a non-cancellable lease with a three year term, with lease payments payable monthly. New vehicle leases are negotiated at the end of this period, the number of vehicle leases being subject to the Office's operational needs.

Capital expenditure commitments

	2017 $	2016 $
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year[(a)]	4,143	103,393
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	4,143	**103,393**

(a) Due to the timing of the replacement of Office assets, some assets were committed in 2016-17 but not paid until 2017-18. The majority of the capital expenditure commitments relate to intangible assets and the remainder relates to computer hardware.

Other expenditure commitments

	2017 $	2016 $
Other expenditure commitments, being expenditure commitments additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	3,300	3,300
Later than 1 year and not later than 5 years	-	3,300
Later than 5 years	-	-
	3,300	**6,600**

Note 27. Contingent liabilities and contingent assets

The Office is not aware of any contingent liabilities or contingent assets at the end of the reporting period.

Note 28. Events occurring after the end of the reporting period

The Office is not aware of any event after the end of the reporting period that may have an impact on the financial statements.

Note 29. Explanatory statement

All variances between estimates (original budget) and actual results for 2017, and between the actual results for 2017 and 2016 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and $211,000 for the Statements of Comprehensive Income and Cash Flows; and
- 5% and $88,000 for the Statement of Financial Position.

	Variance Note	Estimate 2017 $	Actual 2017 $	Actual 2016 $	Variance between estimate and actual $	Variance between actual results for 2017 and 2016 $
Statement of Comprehensive Income (Controlled Operations)						
Employee benefits expense	1, A	7,309,000	8,431,813	7,796,100	1,122,813	635,713
Supplies and services	2	1,374,000	1,029,470	1,165,365	(344,530)	(135,895)
Depreciation and amortisation expense		215,000	177,906	252,109	(37,094)	(74,203)
Accommodation expenses		1,542,000	1,427,269	1,417,842	(114,731)	9,427
Other expenses		155,000	39,877	31,693	(115,123)	8,184
Total cost of services		**10,595,000**	**11,106,335**	**10,663,109**	**511,335**	**443,226**
Income						
Revenue						
Other revenue		1,989,000	2,055,313	2,048,126	66,313	7,187
Total Revenue		**1,989,000**	**2,055,313**	**2,048,126**	**66,313**	**7,187**
Net Gain/(Loss)						
Net gain or loss on disposal of non-current assets		-	-	(18)	-	18
Total Gain/(Loss)		**-**	**-**	**(18)**	**-**	**18**
Total income other than income from State Government		1,989,000	2,055,313	2,048,108	66,313	7,205
NET COST OF SERVICES		**8,606,000**	**9,051,022**	**8,615,001**	**445,022**	**436,021**
Income from State Government						
Service appropriation	B	8,166,000	8,166,000	8,641,000	-	(475,000)
Services received free of charge		440,000	484,292	508,249	44,292	(23,957)
Total income from State Government		**8,606,000**	**8,650,292**	**9,149,249**	**44,292**	**(498,957)**
(DEFICIT)/SURPLUS FOR THE PERIOD		**-**	**(400,729)**	**534,248**	**(400,729)**	**(934,977)**
OTHER COMPREHENSIVE INCOME		**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-**	**(400,729)**	**534,248**	**(400,729)**	**(934,977)**

	Variance Note	Estimate 2017 $	Actual 2017 $	Actual 2016 $	Variance between estimate and actual $	Variance between actual results for 2017 and 2016 $
Statement of Financial Position						
(Controlled Operations)						
ASSETS						
Current Assets						
Cash and cash equivalents		1,692,000	1,849,259	2,342,055	157,259	(492,796)
Restricted cash and cash equivalents		-	2,873	-	2,873	2,873
Other current assets		103,000	95,169	95,272	(7,831)	(103)
Receivables		164,000	44,404	79,284	(119,596)	(34,880)
Amounts receivable for services		208,000	208,000	208,000	-	-
Total Current Assets		**2,167,000**	**2,199,706**	**2,724,611**	**32,706**	**(524,905)**
Non-Current Assets						
Restricted cash and cash equivalents		20,000	32,202	-	12,202	32,202
Amounts receivable for services		1,971,000	1,971,000	1,958,000	-	13,000
Plant and equipment		102,000	96,572	94,036	(5,428)	2,536
Intangible assets	3,C	165,000	267,279	47,261	102,279	220,018
Total Non-Current Assets		**2,258,000**	**2,367,053**	**2,099,297**	**109,053**	**267,756**
TOTAL ASSETS		**4,425,000**	**4,566,759**	**4,823,908**	**141,759**	**(257,149)**
LIABILITIES						
Current Liabilities						
Payables		165,000	83,715	67,439	(81,285)	16,276
Provisions		1,526,000	1,479,979	1,558,557	(46,021)	(78,578)
Other current liabilities		44,000	48,184	-	4,184	48,184
Total Current Liabilities		**1,735,000**	**1,611,877**	**1,625,996**	**(123,123)**	**(14,119)**
Non-Current Liabilities						
Provisions	D	388,000	464,679	360,778	76,679	103,901
Other non-current liabilities		-	53,798	-	53,798	53,798
Total Non-Current Liabilities		**388,000**	**518,477**	**360,778**	**130,477**	**157,699**
TOTAL LIABILITIES		**2,123,000**	**2,130,355**	**1,986,774**	**7,355**	**143,581**
NET ASSETS		**2,302,000**	**2,436,404**	**2,837,134**	**134,404**	**(400,730)**
EQUITY						
Contributed equity		1,206,000	1,206,000	1,206,000	-	-
Accumulated surplus		1,096,000	1,230,404	1,631,134		
TOTAL EQUITY		**2,302,000**	**2,436,404**	**2,837,134**	**134,404**	**(400,730)**

	Variance Note	Estimate 2017 $	Actual 2017 $	Actual 2016 $	Variance between estimate and actual $	Variance between actual results for 2017 and 2016 $
Statement of Cash Flows (Controlled Operations)						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	B	7,945,000	7,945,000	8,392,000	-	(447,000)
Capital appropriations		-	-	-	-	-
Holding account drawdown		208,000	208,000	208,000	-	-
Net cash provided by State Government		**8,153,000**	**8,153,000**	**8,600,000**	**-**	**(447,000)**
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	1,A	(7,283,000)	(8,385,880)	(7,959,285)	(1,102,880)	(426,595)
Supplies and services	2	(1,201,000)	(866,505)	(1,062,815)	334,495	196,310
Accommodation		(1,163,000)	(1,112,101)	(1,072,318)	50,899	(39,783)
GST payments on purchases	4	-	(230,234)	(228,677)	(230,234)	(1,557)
GST payments to taxation authority		-	-	(16,779)	-	16,779
Other payments	4	(538,000)	(25,100)	(24,600)	512,900	(500)
Receipts						
User charges and fees		1,989,000	2,061,435	2,034,831	72,435	26,604
GST receipts on sales		271,000	197,407	198,284	(73,593)	(877)
GST receipts from taxation authority		-	48,736	38,856	48,736	9,880
Net cash used in operating activities		**(7,925,000)**	**(8,312,241)**	**(8,092,503)**	**(387,241)**	**(219,738)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(208,000)	(298,480)	(112,807)	(90,480)	(185,673)
Payment for disposal of non-current assets		-	-	(18)	-	18
Net cash used in investing activities		**(208,000)**	**(298,480)**	**(112,825)**	**(90,480)**	**(185,655)**
Net (decrease)/increase in cash and cash equivalents		20,000	(457,721)	394,672	(477,721)	(852,393)
Cash and cash equivalents at the beginning of the period		1,692,000	2,342,055	1,947,383	650,055	394,672
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1,712,000**	**1,884,334**	**2,342,055**	**172,334**	**(457,721)**

Major Estimate and Actual (2017) Variance Narratives

1) The variance in employee benefits expense and payments is primarily due to the staffing required to monitor the Infringement Notices provisions of *The Criminal Code* being higher than estimated, as a result of a change in the timing of the commencement of the function in 2014-15 and, as a consequence, a change in the completion date in 2016-17. In addition, unfilled vacancies arising from staff movements within the Office's Full Time Equivalent (**FTE**) budget have been filled to provide additional staffing required to undertake the Energy and Water Ombudsman function (offset by a commensurate increase in income) and enable the Office to meet the workload associated with an increase in complaints to the Ombudsman in 2016-17.

2) The variance in supplies and services expense and payments is primarily due to some expenses and payments, included in supplies and services for the estimate, being included in employee benefits for the actual due to the filling of vacant positions.

3) The variance in intangible assets is primarily due to asset purchases committed in 2015-16 but paid in 2016-17 and fluctuations in the value and timing of the amortisation of assets.

4) The variance in GST payments on purchases, GST payments to the taxation authority and other payments is primarily due to some payments, included as other payments for the estimate, being included in GST payments on purchases and GST payments to the taxation authority in the actual.

Major Actual (2017) and Comparative (2016) Variance Narratives

A) The variance in employee benefits expense and payments is primarily due to unfilled vacancies arising from staff movements within the Office's FTE budget being filled to provide additional staffing required to undertake the Energy and Water Ombudsman function (offset by a commensurate increase in income) and enable the Office to meet the workload associated with an increase in complaints to the Ombudsman in 2016-17.

B) The variance in service appropriation is primarily due to a lower level of funding in the final year of the function to monitor the Infringement Notices provisions of The Criminal Code, in line with the approved funding over the three years of the function.

C) The variance in intangible assets is primarily due to asset purchases committed in 2015-16 but paid in 2016-17 and fluctuations in the value and timing of the amortisation of assets.

D) The variance in non-current provisions is primarily due to an increase in Long Service Leave that is not yet available for clearance. The total of the actual current and non-current provisions in 2016 17 is comparable to 2015-16.

Note 30. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Office are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Office has limited exposure to financial risks. The Office's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Office's receivables defaulting on their contractual obligations resulting in financial loss to the Office.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at Note 30(c) 'Financial instruments disclosures' and Note 17 'Receivables'.

Credit risk associated with the Office's financial assets is minimal because the main receivable is the amounts receivable for services (holding accounts). For receivables other than government, the Office trades only with recognised, creditworthy third parties. The Office has policies in place to ensure that services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Office's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due. The Office is exposed to liquidity risk through its trading in the normal course of business. The Office has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Office's income or the value of its holdings of financial instruments. The Office does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

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

	2017 $	2016 $
Financial Assets		
Cash and cash equivalents	1,849,259	2,342,055
Restricted cash and cash equivalents	35,075	-
Receivables[(a)]	39,014	59,214
Amount receivable for services	2,179,000	2,166,000
Financial Liabilities		
Financial liabilities measured at amortised cost	83,715	67,439
Other liabilities	101,982	-

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(c) Financial instrument disclosures

Credit risk

The following table details the Office's maximum exposure to credit risk and the ageing analysis of financial assets. The Office's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Office.

The Office does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Office does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Aged analysis of financial assets

	$ Carrying amount	$ Not past due and not impaired	Past due but not impaired: $ Up to 1 month	$ 1 – 3 months	$ 3 months – 1 year	$ 1 – 5 Years	$ More than 5 Years	$ Impaired financial assets
2017								
Cash and cash equivalents	1,849,259	1,849,259	-	-	-	-	-	-
Restricted cash and cash equivalents	35,075	35,075	-	-	-	-	-	-
Receivables[(a)]	39,014	19,381	9,207	-	-	10,426	-	-
Amount receivable for services	2,179,000	2,179,000	-	-	-	-	-	-
	4,102,348	**4,082,715**	**9,207**	**-**	**-**	**10,426**	**-**	**-**
2016								
Cash and cash equivalents	2,342,055	2,342,055	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables[(a)]	59,214	48,788	-	-	-	10,426	-	-
Amount receivable for services	2,166,000	2,166,000	-	-	-	-	-	-
	4,567,269	**4,556,843**	**-**	**-**	**-**	**10,426**	**-**	**-**

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Liquidity risk and interest rate exposure

The following table details the Office's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flow. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

		Interest rate exposure				Maturity date				
2017	Weighted average effective interest rate %	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal Amount	Up to 1 month	1 – 3 months	3 months – 1 year	1 – 5 Years	More than 5 Years
		$	$	$	$	$	$	$	$	$	$
Financial Assets											
Cash and cash equivalents		1,849,259	-	-	1,849,259	1,849,259	1,849,259	-	-	-	-
Restricted cash and cash equivalents		35,075	-	-	35,075	35,075	2,873	-	-	-	32,202
Receivables[(a)]		39,014	-	-	39,014	39,014	39,014	-	-	-	-
Amount receivable for service		2,179,000	-	-	2,179,000	2,179,000	-	-	208,000	832,000	1,139,000
		4,102,348	**-**	**-**	**4,102,348**	**4,102,348**	**1,891,146**	**-**	**208,000**	**832,000**	**1,171,202**
Financial Liabilities											
Payables		83,715	-	-	83,715	83,715	83,715	-	-	-	-
Other liabilities		101,982	-	-	101,982	101,982	-	-	48,184	53,798	-
		185,697	**-**	**-**	**185,697**	**185,697**	**83,715**	**-**	**48,184**	**53,798**	**-**

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Interest rate exposure and maturity analysis of financial assets and financial liabilities

2016	Weighted average effective interest rate %	Carrying Amount $	Interest rate exposure: Fixed interest rate $	Interest rate exposure: Variable interest rate $	Interest rate exposure: Non-interest bearing $	Nominal Amount $	Maturity date: Up to 1 month $	Maturity date: 1 – 3 months $	Maturity date: 3 months – 1 year $	Maturity date: 1 – 5 Years $	Maturity date: More than 5 Years $
Financial Assets											
Cash and cash equivalents		2,342,055	-	-	2,342,055	2,342,055	2,342,055	-	-	-	-
Restricted cash and cash equivalents		-	-	-	-	-	-	-	-	-	-
Receivables[(a)]		59,214	-	-	59,214	59,214	59,214	-	-	-	-
Amount receivable for service		2,166,000	-	-	2,166,000	2,166,000	-	-	208,000	832,000	1,126,000
		4,567,269	**-**	**-**	**4,567,269**	**4,567,269**	**2,401,269**	**-**	**208,000**	**832,000**	**1,126,000**
Financial Liabilities											
Payables		67,439	-	-	67,439	67,439	67,439	-	-	-	-
Other liabilities		-	-	-	-	-	-	-	-	-	-
		67,439	**-**	**-**	**67,439**	**67,439**	**67,439**	**-**	**-**	**-**	**-**

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Interest rate sensitivity analysis

None of the Office's financial assets and liabilities at the end of the reporting period are sensitive to movements in interest rates. Movements in interest rates would therefore have no impact on the Office's surplus or equity.

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 31. Remuneration of auditor

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

	2017 $	2016 $
Auditing the accounts, controls, financial statements	25,400	25,100
	25,400	**25,100**

Note 32. Indian Ocean Territories

The Indian Ocean Territories Reimbursement Fund (**the Fund**) was established in March 1996 and became operational in July 1996. The purpose of the Fund is to meet the cost of the services of the Office in relation to complaints involving the Indian Ocean Territories. Any balance of the Fund at the end of the financial year is included in the Office's Operating Account. Any under or over expenditure at the end of the reporting period, for example, due to fluctuations in complaint numbers, is refunded or recouped from the Commonwealth Department of Infrastructure and Regional Development (**DIRD**) in the subsequent reporting period. Where, by agreement with DIRD, any funds are retained for expenditure in the next year, this is treated as restricted cash. The figures presented below for the Fund have been prepared on a cash basis.

	2017 $	2016 $
Opening Balance	(14,798)	41,389
Receipts	47,096	24,832
Payments	(29,425)	(81,019)
Closing Balance	**2,873**	**(14,798)**

Note 33. Supplementary financial information

(a) Write-offs

There was no write-off during the period.

(b) Losses through theft, defaults and other causes

There were no losses of public money and public and other property during the period.

(c) Gifts of public property

There were no gifts of public property provided by the Office during the period.

Note 34. Other assets

	2017 $	2016 $
Current		
Prepayments	95,169	95,272
Total current	**95,169**	**95,272**

Note 35. Other liabilities

	2017 $	2016 $
Current		
Contracts software	48,184	-
Total current	**48,184**	**-**
Non-Current		
Contracts software	53,798	-
	53,798	**-**

Key Performance Indicators

Certification of Key Performance Indicators

For year ended 30 June 2017

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Parliamentary Commissioner for Administrative Investigations' performance, and fairly represent the performance of the Parliamentary Commissioner for Administrative Investigations for the financial year ended 30 June 2017.

Mary White
Chief Finance Officer

1 August 2017

Chris Field
Accountable Authority

1 August 2017

Key Performance Indicators

Key Effectiveness Indicators

The desired outcome for the Parliamentary Commissioner for Administrative Investigations (**the Ombudsman**) is:

> *The public sector of Western Australia is accountable for, and is improving the standard of, administrative decision making, practices and conduct.*

Key Effectiveness Indicators	2012-13	2013-14	2014-15	2015-16	2016-17 Target	2016-17 Actual
Where the Ombudsman made recommendations to improve practices or procedures, the percentage of recommendations accepted by agencies (a)	100%	100%	100%	100%	**100%**	**100%**
Number of improvements to practices or procedures as a result of Ombudsman action (b)	72	152	99	156	**100**	**109**

(a) For public authority responses each year, the percentage of recommendations and suggestions relating to improved practices and procedures that were accepted by the public authority.

(b) For public authority responses each year, the number of recommendations and suggestions relating to improved practices and procedures that were accepted by the public authority.

Comparison of Actual Results and Budget Targets

Public authorities have accepted every recommendation made by the Ombudsman, matching the actual results of the past four years and meeting the 2016-17 target.

In 2007-08, the office of the Ombudsman (**the Office**) commenced a program to ensure that its work increasingly contributed to improvements to public administration. Consistent with this program, the 2016-17 actual number of improvements to practices and procedures of public authorities as a result of Ombudsman action (109) has exceeded the 2016-17 target (100). There may, however, be fluctuations from year to year, related to the number and nature of investigations finalised by the Office in any given year.

Key Efficiency Indicators

The Ombudsman's Key Efficiency Indicators relate to the following service:

Resolving complaints about decision making of public authorities and improving the standard of public administration.

Key Efficiency Indicators	2012-13	2013-14	2014-15	2015-16	2016-17 Target	2016-17 Actual
Percentage of allegations finalised within three months	83%	98%	98%	95%	**95%**	**94%**
Percentage of allegations finalised within 12 months	99%	100%	100%	100%	**100%**	**100%**
Percentage of allegations on hand at 30 June less than three months old	94%	98%	96%	93%	**90%**	**94%**
Percentage of allegations on hand at 30 June less than 12 months old	96%	100%	100%	100%	**100%**	**100%**
Average cost per finalised allegation (a)	$1,821	$1,858	$1,857	$1,886	**$1,890**	**$1,889**
Average cost per finalised notification of death (b)	$12,281	$18,407	$18,983	$18,597	**$18,950**	**$16,731**
Cost to monitor the Infringement Notices provisions of *The Criminal Code* (c)	N/A	N/A	$413,586	$851,068	**$557,000**	**$549,267**
Cost of monitoring and inspection functions (d)	NA	NA	NA	$413,821	**$415,000**	**$412,129**

(a) This is the net cost of complaint resolution services divided by the number of allegations finalised.

(b) This is the net cost of undertaking the death review function divided by the number of notifications finalised.

(c) This is the net cost of the function to monitor the Infringement Notices provisions of *The Criminal Code* in the relevant year.

(d) This is the net cost of monitoring and inspection functions under relevant legislation.

Comparison of Actual Results and Budget Targets

The 2016-17 actual results for the Key Efficiency Indicators met, or were comparable to, the 2016-17 target. Overall, 2016-17 actual results represent sustained improvement in the efficiency of complaint resolution over the last five years.

The average cost per finalised allegation in 2016-17 ($1,889) met the 2016-17 target ($1,890). Since 2007-08, the efficiency of complaint resolution has improved significantly with the average cost per finalised allegation reduced by a total of 36% from $2,941 in 2007-08 to $1,889 in 2016-17.

The average cost per finalised notification of death ($16,731) improved on the 2016-17 target ($18,950) and the 2015-16 actual result ($18,597), reflecting continuous improvement of the finalisation of notifications.

The cost to monitor the Infringement Notices provisions of *The Criminal Code* ($549,267) met the 2016-17 target ($557,000). The 2016-17 actual result is lower than the 2015-16 actual result ($851,068), reflecting the final year of funding for this function.

The cost of monitoring and inspection functions ($412,129) met the 2016-17 target ($415,000).

Other Disclosures and Legal Compliance

Ministerial Directives

The Ombudsman reports directly to the Western Australian Parliament rather than to the government of the day, or a particular Minister, and Ministers cannot issue directives to the Ombudsman.

Other Financial Disclosures

Pricing policies of services provided

The Office currently receives revenue for the following functions:

- Costs for the Energy and Water Ombudsman functions are recouped from the Energy and Water Ombudsman (Western Australia) Limited on a full cost recovery basis. These costs are determined by the actual staffing costs involved in delivering the service plus an allowance for overheads and costs of particular operational expenses;
- Under an arrangement with the Australian Government, the Office handles enquiries and complaints from the Indian Ocean Territories about local government and Western Australian public authorities delivering services to the Indian Ocean Territories. Each year the Office recoups costs from the Australian Government for any complaints received from the Indian Ocean Territories. Cost recovery is based on the average cost per complaint in the last two years as published in the Office's annual reports. Administrative costs and the costs of any travel to the Indian Ocean Territories by the Ombudsman or staff and any promotional materials are also recouped in full; and
- The Office is involved in a program, the principal goal of which is to provide greater access across Indonesia to more effective and sustainable Ombudsman services. The Office recoups costs for its participation in the program from the Commonwealth Ombudsman's Office.

Capital works

There were no major capital projects undertaken during 2016-17.

Employment of staff

As at 30 June 2017 there were 79 people (72.9 full-time equivalent positions (**FTEs**) directly employed by the Office, including 64 full-time employees and 15 part-time employees. This includes people on unpaid leave, contract staff providing short term expertise and backfilling staff during extended leave periods and people seconded out of the Office.

After adjusting for people seconded into and out of the Office, staff on unpaid leave, and people employed through a recruitment agency to cover short term vacancies, there were 74 staff (68.8 FTEs) undertaking the work of the Office at 30 June 2017. Over the full 2016-17 year, the average staffing was 67.5 FTEs.

All employees are public sector employees operating in executive, policy, enquiry, investigation and administrative roles. The following table provides a breakdown of the categories of employment for staff directly employed by the Office as at 30 June in 2015-16 and 2016-17.

Staff numbers as at 30 June 2017

Employee Category	2015-16	2016-17
Full-time permanent	53	55
Full-time contract	6	9
Part-time permanent	9 (5.62 FTEs)	13 (7.6 FTEs)
Part-time contract	0 (0 FTEs)	2 (1.3 FTEs)
TOTAL	**68 (64.62 FTEs)**	**79 (72.9 FTEs)**

Human Resources Strategies

The Office continued with the implementation of its human resources strategies during the year. These strategies aim to support the attraction and retention of staff and staff development through continuous professional development and performance management, through:

- **Recruitment, retention and engagement of high quality staff**

  Recruitment practices continue to prove successful in attracting staff to apply for positions with the Office, with high numbers of quality applications received for positions advertised during the year. The Office provides benefits for staff such as flexible work options and part-time arrangements and this is promoted in all job advertisements. Staff have access to flexible work options, including part-time or purchased leave arrangements and work from home arrangements. In 2016-17, the Office commenced implementation of the Office's *Aboriginal Action Plan* which includes a range of strategies to enhance the Office's services for, and engagement with, Aboriginal Western Australians. Employment was recognised as a key area of focus, and actions in the Aboriginal Action Plan related to employment include recruitment, retention and professional development for Aboriginal staff.

- **Accounting for performance**

  The Office's performance management system includes identifying expectations as well as performance-based recognition. Managers and staff annually formalise a performance agreement that provides a framework to:

  - Identify and acknowledge the contribution employees make in the achievement of the Office's operational and strategic goals; and
  - Develop and retain skilled employees and assist employees to achieve their professional and personal career goals.

- **Continual learning**

  The Office is committed to providing a high quality Induction Program for new employees to the Office. The Online Induction mini-site and the Induction Reference Book are provided to all new employees to the Office. They contain useful information on the Office's strategic direction, structure and roles, policies and procedures and facilities.

New staff have provided feedback that the induction process is welcoming and useful in assisting new employees to understand the Office's direction, expectations and processes. The product has also proved valuable for existing staff members to keep them informed and updated about policy and governance issues within the Office.

The Office also provides continual learning for staff through a range of training sessions and the Continuous Professional Development Program. During 2016-17, staff participated in a range of training sessions including sessions on cultural awareness, disability access and inclusion, accountable and ethical decision making, safe work practices and engaging with children and young people. Where appropriate, the sessions use the expertise of senior staff of the Office to deliver the material. To supplement this in-house development, staff are encouraged to attend external training, conferences and seminars to improve their skills and knowledge in areas relevant to their work. These opportunities are facilitated through development plans as part of staff annual performance reviews and the continual learning assists with positioning the Office as an employer of choice.

As well as the key human resource strategies outlined above, the Office's people management framework establishes the conduct and ethical behaviour expected of staff and the appropriate response to unethical behaviour.

Workforce and Diversity Plan

In 2014-15, the Office developed its *Workforce and Diversity Plan 2015-2020* in accordance with the *Public Sector Commissioner's Circular 2011-02: Workforce Planning and Diversity in the Public Sector*, Part IX of the *Equal Opportunity Act 1984*, and *Strategic Directions for the Public Sector Workforce 2009-14*. The Office's key focus areas for 2015-20 are to continue to:

- Implement effective practices to recruit high quality staff, in particular for new functions;
- Attract and retain high quality staff, including by providing innovative flexible working arrangements and through graduate, intern and seasonal clerk programs;
- Provide staff development through quality induction, performance management, our Continuous Professional Development Program, training and study assistance;
- Implement strategies to improve diversity in the workforce for people from diverse cultural backgrounds;
- Implement the strategies in the Office's *Disability Access and Inclusion Plan 2015-2020*; and
- Provide Corporate Executive with workforce reporting to support evaluation and ongoing review of the strategies in the Workforce and Diversity Plan.

Human Resource Policies

The Office has a broad range of human resource policies that are regularly updated in line with the Office's strategies, guidance provided by external agencies and staff feedback processes. They include policies in the key areas of:

- Classification, filling positions and employee movements;
- Payroll, conditions of employment and leave;

- Performance management, training and development;
- Employee relations, grievances and discipline; and
- Occupational safety and health.

Unauthorised use of credit cards

Staff of the Office hold corporate credit cards where their functions warrant the use of this facility.

The Office has robust policies and procedures regulating credit card use, and the use of a credit card for personal purposes is prohibited. During 2016-17, there was no use of a credit card for personal purposes.

Personal Use of Credit Cards	2016-17
Aggregate amount of personal use expenditure.	Nil
Aggregate amount of personal use expenditure settled by the due date (within 5 working days).	Not applicable
Aggregate amount of personal use expenditure settled after the due date (after 5 working days).	Not applicable
Aggregate amount of personal use expenditure outstanding at 30 June 2017.	Not applicable

Governance Disclosures

Shares in statutory authorities
This is not relevant as the Office is not a statutory authority and does not have shares.
Shares in subsidiary bodies
This is not relevant as the Office does not have any subsidiary bodies.
Interests in contracts by senior officers
The Office's *Code of Conduct* and *Conflict of Interest Policy* define conflict of interest and appropriate action to take where a conflict arises between the employee's public duty and their private interests, including during tender and purchasing processes. Employees are aware through the *Code of Conduct* and *Accountable and Ethical Decision Making* training that they have an obligation to disclose interests that could reasonably create a perception of bias, or an actual conflict of interest, and members of the Executive Management Group and Corporate Executive are asked to declare any interests at each meeting of these Groups. The Office's policy on identifying and addressing conflicts of interest includes any interest of a senior officer, or an organisation of which a senior officer is a member, or an entity in which the senior officer has a substantial financial interest, in any existing or proposed contract made with the Office. There have been no declarations of an interest in any existing or proposed contracts by senior officers and, at the date of reporting, other than normal contracts of employment, no senior officers or firms of which a senior officer is a member, or entities in which a senior officer has any substantial interests, had any interests in existing or proposed contracts or related party transactions with the Office.
Benefits to senior officers through contracts
This is not applicable as no senior officers have received any benefits.
Insurance paid to indemnify directors
This is not applicable as the Office does not have any directors as defined in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*.

Other Legal Requirements

Expenditure on Advertising, Market Research, Polling and Direct Mail and Media Advertising

During 2016-17, the Office incurred the following expenditure in relation to advertising, market research, polling, direct mail and media advertising that requires disclosure under section 175ZE of the *Electoral Act 1907*.

Total expenditure for 2016-17 was $11,239 for state-wide advertising for the 'Monitoring the infringement notices provisions of *The Criminal Code*: Consultation Paper', advertising vacant positions and promoting regional visits, and was incurred in the following areas.

Category of Expenditure	Total	Company
Advertising agencies	Nil	Nil
Media advertising organisations	$10,379	Adcorp
	$860	National Indigenous Times
Market research organisations	Nil	Nil
Polling organisations	Nil	Nil
Direct mail organisations	Nil	Nil

Disability Access and Inclusion Plan Outcomes

The Office is committed to providing optimum access and service to people with a disability, their families and carers. In 2016-17 the Office continued to implement the strategies under its *Disability Access and Inclusion Plan 2015-2020* (**DAIP**). Current initiatives to address desired DAIP outcomes are shown below.

Outcome 1: People with a disability have the same opportunities as other people to access the services of, and any events organised by, the Office.
People can access the complaint handling services provided by the Office by lodging a complaint in various ways including by post, email, online and in person. The online option is available through the Office's website, which meets the website accessibility requirements set out in the *Public Sector Commissioner's Circular 2011-03: Website Accessibility*. The Office is accessible for people with a disability who attend in person, and enquiries can be made by telephone using the National Relay Service for people with voice or hearing impairments. Venues for events and meetings are assessed for suitable access for people with a disability. A notice regarding disclosure of 'special access or dietary requirements' is added to all invitations for events coordinated by the Office.

Outcome 2: People with a disability have the same opportunities as other people to access the buildings and other facilities of the Office.

The Office's accommodation, building and facilities provide access for people with a disability, including lifts that accommodate wheelchairs and feature braille on the access buttons. Accessible and ambulant toilets are located on all floors used by the Office (the Ground Floor, Level 2 and Level 3), and a low reception desk on Level 2 accommodates wheelchair access. The building also includes electronic doors at the entrance and through to the lifts, a ramp at the front of the building, and a disabled parking bay beneath the building.

Outcome 3: People with a disability receive information from the Office in a format that will enable them to access the information as readily as other people are able to access it.

All Office documents are in plain English and publications are available in alternative formats on request. The Office's website meets the website accessibility requirements set out in the *Public Sector Commissioner's Circular 2011-03: Website Accessibility*. Information published on the website can be viewed and printed in alternative sizes. Online documents are published in PDF format, and written correspondence can be scanned with Optical Character Recognition and sent electronically in PDF format, compatible with screen readers.

Phone access is available through the National Relay Service for people with voice or hearing impairments calling the Office, and signs are provided in the reception area to assist visitors who have a hearing impairment. The Office also provides suitable equipment to enable employees with vision impairments to access electronic information.

Outcome 4: People with a disability receive the same level and quality of service from the staff of the Office as other people receive from the staff of the Office.

The services provided by the Office have been adapted to reduce access barriers for people with a disability and information is available in various formats on request. The Office has an internal guideline for staff on *Assisting complainants with vision, hearing or speech impairments*. The document is part of the internal Complaint Handling Toolkit and provides useful information, contacts and procedures for all staff when dealing with a complainant with a disability.

Information about the Office's DAIP and a video on providing services to people with a disability, *Make a Difference* produced by the Disability Services Commission, is included in induction training for all new staff. In 2016-17, Managers received training on the Office's disability access and inclusion strategies.

Outcome 5: People with a disability have the same opportunities as other people to make complaints to the Office.
A key role of the Office is to handle complaints about public authorities and anyone with a disability has an equal opportunity to make a complaint. Where necessary, the complaint process is modified to meet the needs of a person with a disability. This includes meeting people outside the Office and modifying communication strategies, for example, by using a translator (such as the National Relay Service or Auslan interpreter) where required. Information on reviews of decisions in relation to complaints to the Ombudsman and making a complaint about the Ombudsman's other services is accessible from the website and is available in alternative formats.
Outcome 6: People with a disability have the same opportunities as other people to participate in any public consultation by the Office.
Staff and members of the public with a disability have an equal opportunity to participate in any consultation process. Any public consultation conducted by the Office and promoted on the website meets disability access requirements. Documents released for public consultation can also be made available in alternative formats to meet the needs of people with a disability.
Outcome 7: People with a disability have the same opportunities as other people to obtain and maintain employment with the Office.
The Office's accommodation, building and facilities provide access for people with a disability, including lifts and walkways that accommodate wheelchairs and feature braille on the access buttons. Accessible and ambulant toilets are located on all floors used by the Office. The Office also provides suitable equipment to enable employees with vision impairments to access electronic information. People with a disability are encouraged to apply for positions in the Office and recruitment processes are modified as required to enable people with a disability to have the same opportunity as other people to compete on merit for advertised positions. Appropriate modifications are made to the duties undertaken, hours of work and/or equipment required to enable employees with disabilities, or who acquire a disability, to maintain productive employment with the Office.

Compliance with Public Sector Standards and Ethical Codes

In the administration of the Office, the Ombudsman has complied with the *Public Sector Standards in Human Resource Management*, the *Code of Ethics* and the Office's *Code of Conduct*.

Procedures designed to ensure such compliance have been put in place and appropriate internal assessments are conducted to satisfy the Ombudsman that the above statement is correct.

The following table identifies action taken to monitor and ensure compliance with public sector standards and ethical codes.

Significant action to monitor and ensure compliance with Western Australian Public Sector Standards

Managers and staff are aware of, and are required to comply with, the *Public Sector Standards in Human Resource Management* (**the Standards**). This is supported by policies and procedures relating to the Standards, regular professional development for managers and staff about the Standards and related policies, and the inclusion of the policies in the induction process. Monitoring provisions include:

- For recruitment, selection and appointment, an individual review of each process is undertaken prior to the final decision to ensure compliance with the *Employment Standard*;
- A review process to ensure that, for acting opportunities and secondments, a merit-based process is used and there are no inadvertent extensions that result in long-term opportunities without expressions of interest or a full merit selection process;
- A monitoring process to ensure there are current performance management processes in place for all employees; and
- The continuous development of policies and procedures in accordance with the Standards to ensure compliance and relevancy.

Compliance issues: Internal reviews have shown compliance with the Standards is achieved before any final decision is made. There have been no breaches found of the public sector standards.

Significant action to monitor and ensure compliance with the *Code of Ethics* and the Office's *Code of Conduct*

The *Code of Ethics* and the Office's *Code of Conduct* (**Ethical Codes**) are available on the Office's intranet and are part of the Online Induction for new staff. *Guidelines for Ethical and Accountable Decision Making* have been developed as a ready reference for staff when dealing with a difficult situation related to the Ethical Codes and in 2016-17 these Guidelines were reviewed and updated. The Guidelines are based on the *Accountable and Ethical Decision Making in the WA Public Sector* training materials provided by the Public Sector Commissioner. In 2016-17, staff completed Accountable and Ethical Decision Making training as part of the Office's Continuous Professional Development Program.

The Office's *Code of Conduct* supports the *Code of Ethics* and links the Office's corporate values with expected standards of personal conduct. All staff, contractors and consultants who carry out work for, or on behalf of, the Office are required to comply with the spirit of the *Code of Conduct.* On appointment, all staff sign the *Code of Conduct* to confirm their understanding of its application in the workplace and swear an oath or make an affirmation about maintaining appropriate confidentiality.

Ethics and conduct related policies have been developed, including policies and procedures for declaring and managing conflicts of interest and gifts. The Ethical Codes and related policies are included in the induction process and there is regular professional development for managers and staff about the Ethical Codes and related policies.

The Office has procedures in place for reporting unethical behaviour and misconduct. The Office also has a policy and internal procedures relating to *Public Interest Disclosures* and strongly supports disclosures being made by staff.

Monitoring provisions for Ethical Codes include:

- High level review, and Ombudsman or Deputy Ombudsman sign off, for management of conflicts of interest and gifts, benefits and hospitality, as well as reviews each year by the Deputy Ombudsman of the registers of conflicts of interest and gifts, benefits and hospitality to determine if there are any patterns or trends that need action by the Office;
- High level consideration and sign off of requests for review of the Office's handling of a complaint and any complaints about the conduct of staff; and
- Seeking opportunities to improve current practices through internal audits and reviewing policies and procedures to ensure compliance and relevancy. Internal audits conducted each year are referred to the Office's Internal Audit and Risk Management Committee.

Compliance issues: There has been no evidence of non-compliance with the Ethical Codes.

Corporate Governance Framework

The Office's corporate governance framework is based on the Public Sector Commissioner's *Good Governance Guide*.

Principle 1: Government and public sector relationship

(The organisation's relationship with the government is clear)

The Ombudsman is an independent officer appointed by the Governor of Western Australia. The Ombudsman is responsible directly to the Parliament rather than to the government of the day or a particular Minister. The *Parliamentary Commissioner Act 1971* regulates the operations of the Office.

Delegations for communication and interaction between Ministers and other Parliamentary representatives are identified in the Office's instruments of delegation, in particular those relating to external communications, and staff are aware of these delegations.

Principle 2: Management and oversight

(The organisation's management and oversight are accountable and have clearly defined responsibilities)

The Office's *Strategic Plan 2016-18* (**Strategic Plan**) provides a framework for the strategic direction of the Office with identifiable key measures of success. The Office's operational planning identifies how the key strategies in the Strategic Plan will be achieved through a detailed list of key projects, measures and targets.

Chief Executive Officer delegations are set out in the Office's *Instrument of Delegation – Chief Executive Officer Functions*. Statutory delegations under the *Parliamentary Commissioner Act 1971* and administrative arrangements for statutory roles are set out in the *Ombudsman Western Australia, Statutory Delegations and Administrative Arrangements* document.

The Office has a strong organisational policy framework covering governance, conduct, communications, information technology, human resources, finance and procurement. Policies and guidelines are available to staff through the Office's intranet and as part of the Online Induction.

The Office has an Internal Audit and Risk Management Charter and Committee. An external quality assurance review of the Office's internal audit function has been undertaken to ensure the Office conforms with the Institute of Internal Auditors international standards for the professional practice of internal auditing.

Principle 3: Organisational structure

(The organisation's structure services its operations)

Decision making responsibilities for the Office lie with the Corporate Executive, comprising the Ombudsman, Deputy Ombudsman, the Principal Assistant Ombudsman Investigations and Legal Services, and the leaders of the Complaint Resolution, Investigations, Reviews, Administrative Improvement, Monitoring and Executive Services teams.

The Office's organisational structure has been created in line with its operations and reflects its key strategic direction. The Office undertakes continuous improvement to the structure to ensure it remains relevant and effective with changes linked to the Strategic Plan and redirection of resources within the structure to respond to workload priorities. A detailed organisational chart provides a reference for staff on the intranet.

Principle 4: Operations

(The organisation plans its operations to achieve its goals)

The organisational structure, operational planning, business processes and key performance indicators are linked to the strategic goals and outcomes in the Strategic Plan. Progress toward key performance indicators and major strategic projects is monitored through reports to the Corporate Executive and is reported in the Annual Report each year.

Effective achievement of goals is supported by an online Complaint Handling Toolkit, available to all enquiry and investigating staff for the purpose of achieving consistent, efficient and effective complaint handling. In addition, a Panel provides independent advice to the Ombudsman on matters relevant to child deaths and family and domestic violence fatalities. For the role of Energy and Water Ombudsman, the Office prepares a Business Plan and Budget for approval by the Board of the governing body each year.

Principle 5: Ethics and integrity

(Ethics and integrity are embedded in the organisation's values and operations)

The Office's values are to be fair, independent and accountable (including being rigorous, responsible and efficient). In line with these values, the Ombudsman observes an independent and impartial approach to the conduct of investigations as well as observing procedural fairness at all times. Ethics and integrity are contained within the *Code of Conduct* and *Guidelines for Accountable and Ethical Decision Making*. Staff are required to sign a Conduct Agreement to confirm their understanding of the application of the Code.

Staff are made aware of the *Public Interest Disclosure Act 2003*, the Office's Public Interest Disclosure Officers and the protections that apply, during induction and through the Office's intranet and noticeboards. Staff are also made aware of the Office's *Conflict of Interest Policy* and *Gifts, Benefits and Hospitality Policy* and registers and how they should be declared and managed. When declarations are made, a senior manager assesses the appropriate action to be taken.

Principle 6: People

(The organisation's leadership in people management contributes to individual and organisational achievements)

It is a strategic direction of the Office to attract, develop and retain a skilled and valued workforce with a culture that supports high quality, responsive and efficient service; and to treat people professionally, courteously and with appropriate sensitivity.

The Office continues to implement human resource strategies which focus on the recruitment, retention and engagement of high quality staff; accounting for individual performance and development; and continual learning. The *Workforce and Diversity Plan 2015-2020* provides a strong workforce planning framework to support the achievement of these strategies.

The Office has a strong human resources policy framework covering employment of staff, conditions of employment, flexible work arrangements, staff development, study assistance, employee relations (including grievance resolution) and occupational safety and health.

Principle 7: Finance

(The organisation safeguards financial integrity and accountability)

The Office produces an annual budget which is approved by the Ombudsman. The monitoring of actual versus budget along with financial integrity and accountability is secured through reporting to the Corporate Executive. The Office also has a *Financial Management Manual* (**the Manual**), designed to assist employees to perform their tasks efficiently and effectively. The processes in the Manual are consistent with relevant Treasurer's Instructions and State Supply Commission policies.

An Internal Audit and Risk Management Committee reviews an audit of financial management, including procurement, each year against the policies and procedures in the Manual. The 2016-17 audit concluded that good controls exist to ensure compliance with relevant legislation and policy requirements and the procurement audit was forwarded to the State Supply Commission.

Principle 8: Communication

(The organisation communicates with all parties in a way that is accessible, open and responsive)

To ensure services are accessible, open and responsive, the Office communicates with its key stakeholders using a range of communication channels, adapted to suit the audience. Further information is included in the Collaboration and Access to Services section of the report. The Office also provides guidance and training for dealing with Aboriginal people, children and young people, people with a disability and people from culturally and linguistically diverse backgrounds,.

Policies covering recordkeeping, records management and communications ensure the Office safeguards the confidentiality and integrity of information, preventing unauthorised or false disclosure. Staff meetings and separate team meetings provide a forum for sharing information internally and the Staff Consultative Committee has input into Office policies and procedures that affect staff. The Committee is made up of management and staff representatives from all teams in the Office, the Occupational Safety and Health representatives, the union representative and the Principal Aboriginal Liaison Officer.

Principle 9: Risk management

(The organisation identifies and manages its risks)

The Office identifies and manages its risk through a *Risk Management Plan* that is considered by the Office's Internal Audit and Risk Management Committee as part of the Committee's regular meetings. The *Risk Management Plan* continues to be relevant and consistent with the Office's Strategic Plan. The Office also has a *Business Continuity Plan* to ensure it can respond to, and recover from, any business disruption.

Under the *Risk Management Plan*, controls have been identified for significant risks and any action required is assigned to a relevant member of Corporate Executive. The internal Strategic Audit Plan is based on the areas of risk identified in the *Risk Management Plan* and the Internal Audit and Risk Management Committee oversees the audit plan and audits for each year.

In 2016-17, internal audits were conducted of the Office's corporate governance, leave liability, financial management and procurement practices. The audits showed internal controls are being maintained to ensure compliance with relevant legislation and policies. The audit on corporate governance in 2016-17 found that the Office has a comprehensive Corporate Governance framework of policies, procedures and processes in place that conforms to the Public Sector Commission's guidelines and Australian Standards and is being applied in practice, at all levels of the organisation. The audit also noted that the comprehensive policy framework, the commitment to, and leadership of corporate governance at the Office is excellent, thoroughly embedded and would represent best practice.

Recordkeeping Plans

The Office is committed to maintaining a strong records management framework and aims for best practice recordkeeping practices. The Office is continuously improving recordkeeping practices to ensure they are consistent with the requirements of the *State Records Act 2000* and meet the needs of the Office for high quality recordkeeping. The Office's framework includes:

- A *Recordkeeping Plan*, a *Retention and Disposal Schedule*, a *Records Management Policy*, a *Records File Classification Plan and Security Framework* and a *Records Disaster Recovery Plan*;
- An electronic document records management system (**EDRMS**) called HP Records Manager was implemented in 2005 and subsequently upgraded in 2011-12. A further major upgrade to the EDRMS occurred in 2015-16;
- The Office's case management databases; and
- A series of guidelines and a user manual, together with an online training module, are made available to staff.

During 2015-16, the Office conducted a review of its General Disposal Schedule for functional records. The revised Schedule was submitted to the State Records Commission for approval in June 2016 and was approved by the State Records Commission on 23 December 2016.

Electronic Document Records Management System

All incoming, outgoing and significant internal documents are saved electronically into the EDRMS. Staff are required to save their final electronic documents and correspondence, including electronic mail and facsimiles directly into the EDRMS.

The Office utilises an electronic case management system (**RESOLVE**) for the management of complaints in the Ombudsman and Energy and Water Ombudsman jurisdictions, and in the review of child deaths and family and domestic violence fatalities. RESOLVE is directly integrated with the EDRMS, allowing records and related cases to be accessed and updated through RESOLVE.

Evaluation and review of efficiency and effectiveness of systems and training

The Office's recordkeeping processes, policies and guidelines were reviewed in 2015-16 to ensure compliance with the *Records Management Framework* and promote best practice recordkeeping.

The efficiency and effectiveness of the recordkeeping training program is reviewed regularly through monitoring staff use of the EDRMS to ensure that staff are following the recordkeeping requirements of the Office. As part of a program of regular reviews of the effectiveness of the Office's recordkeeping systems, a survey was developed and distributed to all staff in June 2016: the results of the survey were progressed during 2016-17 to develop targeted training and other programs to address common themes across the Office. A new survey was distributed to staff in June 2017, and surveys will continue be distributed on an annual basis as part of the program of regular reviews of the effectiveness of the Office's recordkeeping systems.

Induction and training

All records related plans, policies, guidelines and manuals are available on the Office's intranet to assist staff to comply with their recordkeeping requirements and include user friendly guides for training staff.

The Office's Online Induction mini-site, developed in 2010-11, includes a section on recordkeeping. This is part of the induction process for new staff and is also available as a resource for existing staff members. The induction process also includes individual training sessions with new staff members conducted by the Customer Service and Records Manager soon after appointment. Follow up training and help desk assistance are provided as required. Recordkeeping roles and responsibilities are also included in *Accountable and Ethical Decision Making* training and the Office's *Code of Conduct*, which is signed by all staff on appointment.

The Office has an online training module to further strengthen and maintain staff recordkeeping practices.

Government Policy Requirements

Substantive Equality

The Office does not currently have obligations under the *Framework for Substantive Equality*. However, the Office is committed to the intent and substance of the policy, including the elimination of systemic racial discrimination in the delivery of public services, and the promotion of sensitivity to the different needs of key stakeholders.

Needs assessment

The Office is committed to understanding the needs of Aboriginal people and people from culturally and linguistically diverse backgrounds and setting objectives to overcome barriers in service delivery for these groups. The Office regularly assesses the impact of our service delivery practices on Aboriginal people and people from culturally and linguistically diverse backgrounds.

In 2016-17, the Principal Aboriginal Liaison Officer continued work to raise awareness and improve accessibility to the Office for Aboriginal people as well as providing expert advice and support relating to the needs of Aboriginal people for staff undertaking the Office's functions.

In 2016-17, the Office developed the *Aboriginal Action Plan*, a comprehensive whole-of-office plan to address the significant disadvantage faced by Aboriginal people in Western Australia. The plan contributes to an overall goal of developing an organisation that is welcoming and culturally safe for Aboriginal people and meets the unique needs of the Aboriginal community it serves.

In addition to the *Aboriginal Action Plan*, the Office continued with its Regional Awareness and Accessibility Program in 2016-17. The Program recognises the historical under-representation of Aboriginal people accessing the Office's services and focuses on access for Aboriginal and regional Western Australians. This Program is an important way for the Office to:

- Ensure awareness of, and accessibility to, its services for Aboriginal Western Australians in regional and remote locations; and

- Provide a valuable opportunity for the Office to strengthen its understanding of the issues affecting Aboriginal people.

The Office has also identified a range of other strategies to overcome barriers to service delivery, including:

- Involvement in outreach activities in metropolitan areas to raise community awareness of, and access to, the Office's services, such as Homeless Connect in November 2016;
- Attending adult prisons and Banksia Hill Detention Centre to meet with prisoners and juvenile detainees, and prisoner representative groups, to understand their specific needs and be available to take complaints. An Aboriginal consultant and/or the Principal Aboriginal Liaison Officer attends these meetings to assist staff to understand the issues involved and to facilitate cross cultural communication;
- Providing information on our services in 15 languages on our website, through translated information sheets for the general community and translated simplified information sheets tailored for children and young people. All publications are available in alternative formats and can be translated into other languages on request;
- Involving the Principal Aboriginal Liaison Officer in complaint clinics and complaints involving Aboriginal people;
- Promoting details for Translating and Interpreting Services on the website and in publications for people with English as a second language. Interpreters and translators are regularly used when resolving complaints;
- Complaints can be written in the person's first language and the Office arranges translators for the incoming complaint and outgoing response and staff use interpreters, either face to face or by telephone, when discussing complaints;
- Involving the Principal Aboriginal Liaison Officer and Aboriginal consultants in relevant own motion investigations and as part of the Ombudsman's Advisory Panel to provide independent advice on issues and trends and contemporary professional practice within the scope of the child death and family and domestic violence fatality review functions; and
- Consultation activities specifically targeted to Aboriginal and culturally and linguistically diverse communities.

Monitoring

The Office monitors whether services respond to the different needs of Aboriginal people and people from culturally and linguistically diverse backgrounds, including:

- Seeking demographic information from people who make complaints to enable the Office to monitor whether its services are used by all of the Western Australian community, particularly those who may find it difficult to access services;
- Collecting demographic data relating to reviews of child deaths and family and domestic violence fatalities to identify patterns and trends in relation to these deaths; and
- Seeking advice of specialist consultants in relation to the relevance and appropriateness of reports relating to own motion investigations.

Organisational performance appraisal

The Office undertakes ongoing performance appraisal of access to services and appropriate service delivery for Aboriginal people and people from culturally and linguistically diverse backgrounds.

In 2016-17, the Office's complaint resolution services were accessed by people from a diverse range of backgrounds, comparable to the Western Australian population. In particular, for people whose complaints were received in 2016-17:

- 6.2% of people identified as Aboriginal, compared to 3.3% of the population;
- 33.9% of people were born overseas compared to 34.8% of the population; and
- 16.6% of people were born in a country where English is not the main language, compared to 18% of the population.

Learning and development

The Office promotes learning and development to ensure that its employees are equipped with the skills and knowledge necessary to understand and meet the needs of Aboriginal people and people from culturally and linguistically diverse backgrounds, including:

- Aboriginal cross-cultural awareness training, including engaging an Aboriginal cultural consultant to conduct customised training for all staff of the Office and utilising the Public Sector Commission's *Sharing Culture*, an online Aboriginal cultural awareness training module;
- Training staff in identifying language related barriers to communication, including utilising the Office of Multicultural Interests' *Diverse WA* cultural competency training module; and
- Appropriately engaging with interpreters and telephone translators to ensure equitable access to our services.

Occupational Safety, Health and Injury Management

Commitment to occupational safety, health and injury management

The Office is committed to ensuring a safe and healthy workplace. The goal is for a workplace that is free from work-related injuries and diseases by developing and implementing safe systems of work and by continuing to identify hazards and control risks as far as practicable.

The Office maintains an Occupational Safety and Health (**OSH**) framework that includes:

- Safe work practices;
- Managing and reporting workplace hazards, incidents and injuries;
- Injury management, including a Return to Work Program that extends to non-work related injuries;
- Emergency procedures;
- Trained first aid officers and regular checks of first aid supplies; and

- General employee health and wellbeing, including an Employee Assistance Program.

All employees and contractors are made aware of their OSH responsibilities through an Online Induction that includes a component on OSH as well as safe work practices in an office environment. This is also used as an information source for existing staff. The Office's policies and guidelines are also accessible to employees through the Office's intranet.

There is a strong executive commitment to the health and safety of staff. Hazards and other issues relating to health and safety can be raised with elected OSH representatives or directly with the Deputy Ombudsman, and key issues are brought to the attention of the Ombudsman, who is committed to their prompt and effective resolution.

Consultation

The Office promotes a consultative environment in which management, staff and other stakeholders work together to continually improve OSH practices. Formal mechanisms for consultation with employees and others on OSH matters include:

- The Office has OSH responsibilities within its tenancy and also works closely with the building management at Albert Facey House to ensure a safe working environment is maintained;
- The Office has two elected OSH Representatives who act as an important link between management and staff, so that they can work together and arrive at solutions to make the workplace safe;
- The Staff Consultative Committee has OSH responsibilities and the Office's OSH Representatives are standing members of the Committee. OSH matters are a standing item on the agenda to allow Committee members to refer matters raised by staff to the Committee for resolution and inform their team of issues and safe working practices raised at Committee meetings;
- There is dissemination of OSH information and discussion at regular staff and team meetings; and
- There is regular training on OSH matters for both management and staff. In 2016-17, an OSH session was held for Managers in which they were briefed on relevant Office policies, the OSH roles and responsibilities of all staff and managers, and common themes related to Office health and safety. During the year an OSH session was held for staff on safe working practices.

Statement of compliance

The Office complies with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981* and is committed to providing injury management support to all workers who sustain a work related injury or illness with a focus on a safe and early return to their pre-injury/illness position. Rehabilitation support is also provided to employees with non-work related injuries or when recovering from a protracted illness.

As part of this approach, the Office encourages early intervention in injury management, and ensures there is early and accurate medical assessment and management of each injury, work related or not.

Assessment of OSH systems

The Office has an OSH Management Plan and guidelines detailing OSH roles and responsibilities within the Office and outlining the approach to identify, assess and control hazards and the associated risks. The Office's OSH systems are included in the Internal Audit and Risk Management Program and an internal audit of the OSH system against the elements of the WorkSafe Plan was last undertaken in June 2016. All recommendations were accepted and the actions, arising from the audit, have been completed.

Internal evaluation of the accommodation at Albert Facey House is ongoing and workplace inspections are undertaken regularly by the Office's elected OSH Representatives. Any OSH changes identified are promptly addressed.

There is ongoing review of the Office's emergency procedures for dealing with unreasonable conduct by visitors to the Office and, during 2016-17, there was a trial evacuation of Albert Facey House, where fire alarms were activated and all staff within the building were evacuated for drill purposes, and there was a trial security incident to test the internal security systems and processes of the Office.

Annual performance

During 2016-17, no new workers' compensation claims were recorded. The Office's OSH and injury management statistics for 2016-17 are shown below.

	Actual Results		Results Against Target	
Measure	**2015-16 Actual**	**2016-17 Actual**	**2016-17 Target**	**Comment on Result**
Number of fatalities	0	0	0	Target achieved
Lost time injury/disease (LTI/D) incidence rate	1.5	0	0	Target achieved
Lost time injury/disease severity rate	0	0	0	Target achieved
Percentage of injured workers returned to work within (i) 13 weeks; and (ii) 26 weeks.	i) 100% ii) 100%	i) 100% ii) 100%	Greater than or equal to 80% return to work within 26 weeks	Target exceeded
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities.	100%	100%	>80%	Target exceeded