

Financial statements

Financial statements for the year ended 30 June 2004

The accompanying financial statements relating to the Parliamentary Commissioner for Administrative Investigations have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2004 and the financial position as at 30 June 2004.

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



Deirdre O'Donnell
ACCOUNTABLE OFFICER

29 August 2004

Parliamentary Commissioner for Administrative Investigations
Statement of Financial Performance
for the year ended 30 June 2004

	Note	2003/04 \$	2002/03 \$
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	1,981,108	2,139,174
Travelling expenses		21,485	20,519
Depreciation expense	5	123,721	57,083
Administration expenses	6	326,293	261,494
Accommodation expenses	7	322,200	313,866
Capital User Charge	8	28,934	42,566
Other Expenses from ordinary activities	9	0	8,493
Total cost of services		<u>2,803,741</u>	<u>2,843,195</u>
Revenues from ordinary activities			
Revenue from other services	10	1,452	17,543
Other revenue - from State Government	10	0	17,104
Proceeds from disposal of non-current assets	10	100	0
Total revenues from ordinary activities		<u>1,552</u>	<u>34,647</u>
NET COST OF SERVICES		<u>2,802,189</u>	<u>2,808,548</u>
REVENUES FROM STATE GOVERNMENT			
Output Appropriation	11	2,822,000	2,795,000
Resources received free of charge		81,121	98,437
Liabilities assumed by the Treasurer		4,541	20,241
Total revenues from State Government		<u>2,907,662</u>	<u>2,913,678</u>
Total changes in equity other than those resulting from transactions with WA State Government as owners		<u>105,473</u>	<u>105,130</u>

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



Parliamentary Commissioner for Administrative Investigations
Statement of Financial Position
as at 30 June 2004

	Note	2003/04 \$	2002/03 \$
Current Assets			
Cash assets	20(a)	479,312	258,364
Restricted cash assets	12	72,000	558,474
Receivables	13	31,389	7,009
Amounts receivable for outputs	14	83,000	100,000
Total current assets		<u>665,701</u>	<u>923,847</u>
Non-Current Assets			
Restricted Cash Assets	12	0	64,000
Furniture and fittings	15	0	0
Computer equipment	15	69,394	58,337
Office equipment	15	15,340	2,378
Office establishment	15	501,683	59,984
Works of art	15	4,965	4,965
Amounts receivable for outputs	14	56,000	59,000
Total Non Current Assets		<u>647,382</u>	<u>248,664</u>
TOTAL ASSETS		<u><u>1,313,083</u></u>	<u><u>1,172,511</u></u>
Current Liabilities			
Payables	16	110,046	58,191
Other liabilities	18	58,072	44,866
Provisions	17	297,800	374,917
Total current liabilities		<u>465,918</u>	<u>477,974</u>
Non-Current Liabilities			
Provisions	18	180,373	133,217
Total Non-Current Liabilities		<u>180,373</u>	<u>133,217</u>
Total liabilities		<u>646,291</u>	<u>611,191</u>
Equity			
Contributed equity	19	596,000	596,000
Reserves		5,117	5,117
Accumulated surplus/(deficiency)		65,675	(39,798)
Total equity		<u>666,792</u>	<u>561,319</u>
TOTAL LIABILITIES AND EQUITY		<u><u>1,313,083</u></u>	<u><u>1,172,510</u></u>

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



Parliamentary Commissioner for Administrative Investigations
Statement of Cash Flows
for the year ended 30 June 2004

	Note	2003/04 \$ Inflows (Outflows)	2002/03 \$ Inflows (Outflows)
CASH FLOWS FROM STATE GOVERNMENT			
Output appropriations		2,742,000	2,708,000
Capital Contribution		0	528,000
Holding account drawdown		100,000	0
Net Cash provided by State Government		2,842,000	3,236,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(1,991,595)	(2,161,664)
Travelling expenses		(21,401)	(20,501)
Administration		(239,572)	(164,468)
Capital User Charge		(71,500)	0
Accommodation		(319,974)	(312,529)
GST payments on purchases		(113,742)	(54,277)
Receipts			
Revenue from services		1,452	15,427
Other revenue - from ordinary activities		0	17,104
GST receipts on sales		145	3,471
GST receipts from taxation authority		96,488	51,377
Net cash provided by/(used in) operating activities	20(b)	(2,659,699)	(2,626,060)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(511,927)	(65,817)
Proceeds from sale of non-current physical Assets		100	0
Net cash provided by/(used in) investing activities		(511,827)	(65,817)
Net Increase/(Decrease) In Cash Held		(329,526)	544,123
Cash assets at the beginning of the financial year		880,838	336,715
CASH AT THE END OF THE FINANCIAL YEAR	20(a)	551,312	880,838

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



Parliamentary Commissioner for Administrative Investigations
Output Schedule of Expenses and Revenues
for the year ended 30 June 2004

Output	Police Service and railway special constables		Other Public Sector Organisations		Telecommunication Interception Audit		Total	
	2003/04 \$	2002/03 \$	2003/04 \$	2002/03 \$	2003/04 \$	2002/03 \$	2003/04 \$	2002/03 \$
COST OF SERVICES								
Expenses from ordinary activities								
Employee expenses	346,951	810,302	1,592,238	1,285,857	41,918	43,015	1,981,107	2,139,174
Travelling expenses	5,305	10,259	16,180	10,260	0	0	21,485	20,519
Depreciation	2,691	28,719	121,030	28,364	0	0	123,721	57,083
Administration expenses	84,789	123,263	271,023	187,321	1,642	1,969	357,454	312,553
Accommodation expenses	79,607	122,779	240,367	191,087	0	0	319,974	313,866
Total cost of services	519,343	1,095,322	2,240,838	1,702,889	43,560	44,984	2,803,741	2,843,195
Revenues from ordinary activities								
Revenue from other services	0	8,962	1,452	8,581	0	0	1,452	17,543
Other revenue from ordinary activities	0	8,552	100	8,552	0	0	100	17,104
Total revenues from ordinary activities	0	17,514	1,552	17,133	0	0	1,552	34,647
NET COST OF SERVICES	519,343	1,077,808	2,239,286	1,685,756	43,560	44,984	2,802,189	2,808,548
REVENUES FROM STATE GOVERNMENT								
Output appropriations	543,000	1,285,700	2,227,000	1,453,400	52,000	55,900	2,822,000	2,795,000
Resources received free of charge	25,610	51,187	53,869	45,281	1,642	1,969	81,121	98,437
Liabilities assumed by the Treasurer	0	10,525	4,208	9,311	333	405	4,541	20,241
Total revenues from State Government	568,610	1,347,412	2,285,077	1,507,992	53,975	58,274	2,907,662	2,913,678
CHANGE IN NET ASSETS	49,267	269,604	45,791	(177,764)	10,415	13,290	105,473	105,130

The output Schedule of Expenses and Revenues should be read in conjunction with the accompanying notes.





Parliamentary Commissioner for Administrative Investigations
Summary of Consolidated Fund Appropriations and Revenue Estimates
for the year ended 30 June 2004

	2003/04 Estimate \$	2003/04 Actual \$	Variance \$	2003/04 Actual \$	2002/03 Actual \$	Variance \$
DELIVERY OF OUTPUTS						
Item 4 Net amount appropriated to deliver outputs	2,477,000	2,517,000	40,000	2,517,000	2,490,000	27,000
Section 25 transfer of appropriation	0	0	0	0	0	0
Amount authorised by other statutes Parliamentary Commissioner Act 1971	305,000	305,000	0	305,000	305,000	0
Total appropriations provided to deliver outputs	<u>2,782,000</u>	<u>2,822,000</u>	<u>40,000</u>	<u>2,822,000</u>	<u>2,795,000</u>	<u>27,000</u>
CAPITAL						
Item 114 Capital Contributions	0	0	0	0	528,000	(528,000)
GRAND TOTAL OF APPROPRIATIONS	<u>2,782,000</u>	<u>2,822,000</u>	<u>40,000</u>	<u>2,822,000</u>	<u>3,323,000</u>	<u>(501,000)</u>
Details Of Expenses by Outputs						
Output 1 - Police Service and railway special constables	1,027,000	519,343	(507,657)	519,343	1,095,321	(575,978)
Output 2 - Other Public Sector Organisations	1,848,000	2,240,838	392,838	2,240,838	1,702,890	537,948
Output 3 - Telecommunications Interception Audit	52,000	43,560	(8,440)	43,560	44,984	(1,424)
Total Cost of Outputs	2,927,000	2,803,741	(123,259)	2,803,741	2,843,195	(39,454)
Less total revenues from ordinary activities	(33,000)	(1,552)	31,448	(1,552)	(34,647)	33,095
Net Cost of Outputs	2,894,000	2,802,189	(91,811)	2,802,189	2,808,548	(6,359)
Adjustments (I)	(112,000)	19,811	131,811	19,811	(13,548)	33,359
Total appropriations provided to deliver outputs	<u>2,782,000</u>	<u>2,822,000</u>	<u>40,000</u>	<u>2,822,000</u>	<u>2,795,000</u>	<u>27,000</u>
Capital Expenditure						
Purchase of non-current physical assets	0	589,440	589,440	589,440	28,914	560,526
Adjustment for other funding sources	0	(589,440)	(589,440)	(589,440)	499,086	(1,088,526)
Capital Contribution (appropriation)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>528,000</u>	<u>(528,000)</u>

DETAILS OF REVENUE ESTIMATES

Revenues disclosed as operating revenues

(I) Adjustments are related to movements in cash balances and other accrual items such as receivables, payables and superannuation.

The Summary of Consolidated Fund Appropriations and Revenues Estimates should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement Information requirements of TI 945, set out in Note 23.

Parliamentary Commissioner for Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

1. Mission and funding

The mission of the Office of the Parliamentary Commissioner for Administrative Investigations (the Office) is *"To assist the Parliament of Western Australia to be confident that the public sector of the State is accountable for, and improving the standard of, administrative decision-making, practices and conduct"*.

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

2. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group (UIG) Consensus Views as applied by the *Treasurer's Instructions*. Several of these are modified by the *Treasurer's Instructions* to vary the application, disclosure, format and wording. The *Financial Administration and Audit Act* and the *Treasurer's Instructions* are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standard Board and UIG Consensus Views. The modifications are intended to fulfill the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effects are disclosed in individual notes to these financial statements.

(b) Basis of Accounting

The financial statements have been prepared in accordance with the Australian Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting under the historical cost convention, except that certain non-current physical assets have been introduced at written down current cost as at 30 June 1997. Additions to non-current physical assets since valuation are stated at cost.

(c) Output Appropriations

Output Appropriations are recognised as revenues 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 into the Office's bank account or credited to the holding account held at the Department of Treasury and Finance.



Parliamentary Commissioner for Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

(d) Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position.

(e) Net Appropriation Determination

Pursuant to section 23A of the Financial Administration and Audit Act, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Office:

- proceeds from fees and charges;
- commonwealth specific purpose grants and contributions;
- revenues derived from the sale of real property;
- one-off revenues with a value of less than \$10,000 derived from the sale of property other than real property; and
- other departmental revenue.

In accordance with the determination, the Office retained \$1,552 in 2003-04 (\$34,647 in 2002-03). Retained revenues may only be applied to the outputs specified in the 2003-2004 Budget Statements.

(f) Revenue Recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services is recognised when the Office has passed control of the goods or other assets or delivery of the service to the customer.

(g) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(h) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation is calculated on the straight-line basis using rates which are reviewed annually.

Expected useful lives for each class of depreciable asset are:

Furniture and fittings	5 years
Computer equipment	3 years
Office equipment	5 years
Office establishment	5 years



Parliamentary Commissioner for Administrative Investigations**Notes to the Financial Statements for the Year Ended 30 June 2004**

Works of art controlled by the Office are classified as heritage assets. They are anticipated to have very long and indeterminate useful-lives. Their service potential has not, in any material sense, been consumed during the reporting period. As such, no amount for depreciation has been recognised in respect of them.

(i) Leases

The Office has entered into an operating lease arrangement for motor vehicles where the lessors effectively retain all the risks and benefits incidental to ownership of the items held under the operating lease.

Office accommodation occupied by the Office is under a head lease arrangement between the lessor and the Commercial Property Branch of the Department of Housing and Works. As such, the Office has entered into an operating lease for the rent of its office space where the lessor effectively retains all of the risks and benefits incidental to ownership of the building held under the operating lease.

Equal installments of the lease payments are charged to the statement of financial performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(j) Cash

For the purposes of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

(k) Accrued Salaries

The Accrued Salaries Suspense Account (refer to note 12) 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 in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 19) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to the fair net value.

(l) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event where the debt is more than 60 days overdue.

(m) Payables

Payables, including accruals not yet billed, are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.



Parliamentary Commissioner for Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

(n) Employee entitlements

Annual leave

This benefit is recognised at the reporting date in respect to employees' service up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers in 2002 determined that the liability measured using the short hand method was not material different from the liability measured using the present value method of expected future payments.

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 "Employee Benefits".

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees as this does not constitute part of the cost of services provided by the Office in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under revenues from Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Office is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.



Parliamentary Commissioner for Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

(o) Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

3. Outputs of the Office

Information about the Office's outputs and the expenses and revenues which are reliably attributable to those outputs is set out in the Outputs Schedule.

The three key outputs of the Office are to:

Output 1: Police Service and railway special constables

Description: Provide an effective and efficient system of investigating, and reviewing the adequacy of internal investigations of, complaints about the Police Service and railway special constables.

Output 2: Other Public Sector Organisations

Description: Provide an effective and efficient system of investigating complaints about public sector organisations other than the Police Service and railway special constables.

Output 3: Telecommunications Interception Audit

Description: Perform the duties of Principal Inspector and Inspectors under the *Telecommunications (Interception) Western Australian Act 1996*.



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04	2002/03
	\$	\$
4 Employee expenses		
Salaries	1,804,656	1,942,232
Superannuation	183,864	213,184
Long service leave	(21,087)	(56,856)
Annual leave	(5,337)	15,148
Other related expenses (I)	19,012	25,466
	<u>1,981,108</u>	<u>2,139,174</u>
<p>(I) These employee expenses include Superannuation, RiskCover premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee entitlements liabilities at Note 17.</p>		
5 Depreciation expense		
Furniture and fittings	0	0
Computer equipment	39,149	37,626
Office equipment	2,638	3,839
Office establishment	81,934	15,618
	<u>123,721</u>	<u>57,083</u>
6 Administration expenses		
Communications	33,698	36,252
Consumables	86,279	52,955
Services and Contracts	127,421	75,187
Resources received free of charge (see note 11)	78,895	97,100
	<u>326,293</u>	<u>261,494</u>
7 Accommodation expenses		
Expenses directly incurred by the Office	319,974	312,529
Resources received free of charge (see note 11)	2,226	1,337
	<u>322,200</u>	<u>313,866</u>



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04 \$	2002/03 \$
8 Capital User Charge	28,934	42,566
<p>A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Office used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>		
9 Other expenses from ordinary activities		
Carrying amount of non-current assets disposed of	0	8,493
<u>Net gain/(loss) on disposal of non-current assets</u>		
<u>Loss on Disposal of Non-Current Assets</u>		
Office Establishment	0	(8,493)
<u>Gain on Disposal of Non-Current Assets</u>		
Plant and Equipment	100	0
Net gain/(loss)	100	(8,493)
10 Other revenue - from ordinary activities		
Other revenue - State Government	0	17,104
Retained revenue - other	100	6,469
Revenue from other services	1,452	11,074
	1,552	34,647



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04	2002/03
	\$	\$
11 Revenues from government		
Appropriation revenue received during the year:		
Output appropriation (I)		
Recurrent	2,517,000	2,490,000
Special Acts	305,000	305,000
	<u>2,822,000</u>	<u>2,795,000</u>
The following liabilities have been assumed by the Treasurer during the financial year:		
- Superannuation (II)	4,541	20,241
Total liabilities assumed by the Treasurer	<u>4,541</u>	<u>20,241</u>
Resources received free of charge (III) Determined on the basis of the following estimates provided by agencies:		
Office of the Auditor General - audit services (IV)	0	12,500
Department of Justice	16,695	9,155
Department of the Premier and Cabinet		
- Corporate and Business Services	62,200	75,445
Department of Housing and Works - property management	2,226	1,337
	<u>81,121</u>	<u>98,437</u>

(I) Output appropriations are accrual amounts reflecting the full cost of outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(II) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State Scheme.

(III) Where assets or services have been received free of charge or for nominal consideration, the Office recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Office shall make a direct adjustment to equity) equivalent to the fair value to the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

(IV) Commencing with the 2003-04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for the 2003-04 audit (\$14 850) will be due and payable in the 2004-05 financial year.



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04	2002/03
	\$	\$
12 Restricted cash assets		
Current		
Departmental Operating Trust Account - Capital contributions (I)	<u>0</u>	<u>558,474</u>
Accrued salaries and cash in suspense account (II)	<u>72,000</u>	<u>0</u>
Non-current		
Accrued salaries and cash in suspense account (II)	<u>0</u>	<u>64,000</u>
 (I) Balance of Capital contributions appropriated for the purpose of capital works.		
 (II) Amount held in suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.		
13 Receivables		
Current		
GST receivable	31,402	5,946
GST payable	(13)	(16)
Other	<u>0</u>	<u>1,079</u>
	<u>31,389</u>	<u>7,009</u>
14 Amounts receivable for outputs		
Current	83,000	100,000
Non-current	<u>56,000</u>	<u>59,000</u>
	<u>139,000</u>	<u>159,000</u>

This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04	2002/03
	\$	\$
15 Property, furniture, fittings, equipment and software		
Furniture and fittings		
At cost	16,000	16,000
Accumulated depreciation	<u>(16,000)</u>	<u>(16,000)</u>
	<u>0</u>	<u>0</u>
Computer equipment		
At cost	278,324	228,117
Accumulated depreciation	<u>(208,930)</u>	<u>(169,781)</u>
	<u>69,394</u>	<u>58,336</u>
Office equipment		
At cost	58,010	52,450
Accumulated depreciation	<u>(42,670)</u>	<u>(50,072)</u>
	<u>15,340</u>	<u>2,378</u>
Office establishment		
At cost	629,226	110,709
Accumulated depreciation	<u>(127,543)</u>	<u>(50,725)</u>
	<u>501,683</u>	<u>59,984</u>
Works of Art		
At cost	<u>4,965</u>	<u>4,965</u>
Total		
At cost	986,524	412,241
Accumulated depreciation	<u>(395,142)</u>	<u>(286,578)</u>
	<u>591,382</u>	<u>125,663</u>





Parliamentary Commissioner for Administrative Investigations
Notes to the Financial Statements
30 June 2004

15 Property, furniture, fittings, equipment and software (con't)

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below.

	Computer equipment	Office equipment	Office establishment	Art Work	Total
2003/2004					
Carrying amount at start of year	58,336	2,378	59,984	4,965	125,663
Additions	50,207	15,600	523,633	0	589,440
Disposals	0	(10,040)	(5,116)	0	(15,156)
Depreciation Write back	0	10,040	5,116	0	15,156
Depreciation	(39,149)	(2,638)	(81,934)	0	(123,721)
Carrying amount at end of year	69,394	15,340	501,683	4,965	591,382

	Computer equipment	Office equipment	Office establishment	Art Work	Total
2002/2003					
Carrying amount at start of year	71,048	6,217	80,095	4,965	162,325
Additions	24,914	0	4,000	0	28,914
Disposals	0	0	(11,541)	0	(11,541)
Depreciation Write back	0	0	3,048	0	3,048
Depreciation	(37,626)	(3,839)	(15,618)	0	(57,083)
Carrying amount at end of year	58,336	2,378	59,984	4,965	125,663

Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04	2002/03
	\$	\$
16 Payables		
Current		
Administration expenses	29,220	54,878
Capital expenses	80,826	3,313
	<u>110,046</u>	<u>58,191</u>

The carrying amount of payables approximates their net fair values.

17 Provisions

Current		
Annual leave	96,225	101,162
48/52 Salary Purchasing	751	1,152
Long service leave	172,170	235,842
Other - On-costs (I)	28,654	36,761
	<u>297,800</u>	<u>374,917</u>
Non-current		
Long service leave	163,122	120,536
Other - On-costs (I)	17,251	12,681
	<u>180,373</u>	<u>133,217</u>

(1) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and RiskCover premiums. The liability for such on-costs is included here. The associated expense is included under other related expenses (under Employee expenses) at Note 4.

The Office considers the carrying amount of employee benefits to approximate the net fair value.

Employee Benefit Liabilities

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee entitlements		
Current	297,801	374,917
Non-current	180,372	133,217
	<u>478,173</u>	<u>508,134</u>

18 Other Liabilities

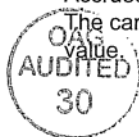
Accrued Salaries

Amounts owing for the working days between the end of the last pay period for the financial year end 30 June.

2004 - 9 working days	58,072	
2003 - 7 working days		44,866

Accrued salaries are settled within a few days of the financial year end.

The carrying amount of accrued salaries is equivalent to the net fair



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04	2002/03
	\$	\$
19 Equity		
Equity represents the residual interest in the net assets of the Office. The Government holds the equity interest in the Office on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.		
Contributed equity		
Opening balance	596,000	68,000
Capital contributions (l)	0	528,000
Closing balance	<u>596,000</u>	<u>596,000</u>
(l) Capital contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.		
Reserves		
Opening balance	5,117	5,117
Net revaluations increments/(decrements)		
Land	0	0
Buildings	0	0
Motor vehicles	0	0
Closing balance	<u>5,117</u>	<u>5,117</u>
(l) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(g).		
Accumulated surplus		
Balance at the beginning of the year	(39,798)	(144,928)
Change in net assets resulting from operations	105,473	105,130
	<u>65,675</u>	<u>(39,798)</u>



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04	2002/03
	\$	\$
20 Notes to the Statement of Cash Flows		
(a) Reconciliation of cash		
Cash assets	479,312	258,364
Restricted cash assets (refer to Note 12)	72,000	622,474
	<u>551,312</u>	<u>880,838</u>
(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services (operating statement)	(2,802,189)	(2,808,548)
Non-cash items:		
Depreciation expense	123,721	57,083
Superannuation expense	4,541	20,241
Resources received free of charge	81,121	98,437
(Profit)/loss on sale of property, plant and equipment	(100)	8,493
(Increase)/decrease in assets:		
Prepayments	0	1,448
Receivables	1,079	(1,079)
Increase/(decrease) in liabilities:		
Accrued salaries	13,206	2,520
Provisions	(77,116)	(9,638)
Current payables	(25,658)	36,309
Non-current provisions	47,155	(34,784)
Change in GST receivables/payables	(25,459)	3,458
Net cash provided by/(used in) operating activities	<u>(2,659,699)</u>	<u>(2,626,060)</u>

21 Lease Commitments

These commitments relate to motor vehicle leases which are due for payment:

not later than one year	3,559	1,001
later than one year and not later than 5 years	4,153	0
	<u>7,712</u>	<u>1,001</u>

Property Lease

The Commercial Property Branch leases office accommodation on behalf of government agencies under non-cancellable operating leases.

At reporting date, the net fair value of this commitment is:

Within 1 year	188,983	182,102
Later than 1 year and not later than 5 years	358,022	507,389
Later than 5 years	<u>547,005</u>	<u>689,491</u>



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

22 Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund, all on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945:

Significant variations are considered to be those greater 10%.

(i) Significant variances between estimate and actual - Total appropriation to deliver outputs:

Estimate 2003/04 \$	Actual 2003/04 \$	Variance \$
2,782,000	2,822,000	40,000

No significant variances.

(ii) Significant variances between actual and prior year actual - Total appropriation to deliver outputs:

	Actual 2003/04 \$	Actual 2002/03 \$	Variance \$
Total appropriation provided to deliver outputs for the year	2,822,000	2,795,000	27,000
No significant variances.			

Total Output Expenditure

Output 1	519,343	1,095,321	(575,978)
Output 2	2,240,838	1,702,890	537,948
Output 3	43,560	44,984	(1,424)
	2,803,741	2,843,195	(39,454)

The variances in Output 1 and Output 2 reflect the transfer of responsibility for the investigation of misconduct allegations against the Police Service to the Corruption and Crime Commission (CCC) on 1 January 2004.



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

(iii) Significant variances between estimate and actual - Capital Contribution:

	Estimate 2003/04 \$	Actual 2003/04 \$	Variance \$
Capital Contribution	0	0	0

No significant variances.

Capital Expenditure	0	589,440	589,440
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The variance is due to funding that was provided in 2002-03 to relocate the Office being expended in 2003-04 to enable the Office of the Information Commissioner to collocate.

(iv) Significant variances between actual and prior year actual - Capital Contribution:

	Actual 2003/04 \$	Actual 2002/03 \$	Variance \$
Capital Contribution	0	528,000	(528,000)

The variance is due to funding being provided in 2002-03 for the relocation of the Office to enable the Office of the Information Commissioner to collocate.

Capital Expenditure	589,440	28,914	560,526
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The variance is due to funding that was provided in 2002-03 to relocate the Office being expended in 2003-04 to enable the Office of the Information Commissioner to collocate. It also includes the Office's asset replacement program.



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

	2003/04	2002/03
	\$	\$
23 Remuneration and Retirement Benefits of Senior Officers		
<i>Remuneration</i>		
The number of senior officers, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:		
\$		
20,001 - 30,000	1	
30,001 - 40,000	1	
40,001 - 50,000	2	
80,001 - 90,000	1	
100,001 - 110,000		2
160,001 - 170,000		1
200,001 - 210,000	1	1
The total remuneration of senior officers is:	<u>434,030</u>	<u>581,463</u>

The superannuation included here represents the superannuation expenses incurred by the Office in respect of senior officers.

No senior officers are members of the Superannuation and Family Benefits Act Scheme.



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

24 Additional Financial Instruments Disclosures

(a) Interest rate risk exposure

The Office's exposure to interest rate risk is nil as the relevant financial instruments, consisting of cash and amounts in suspense, payables, accrued salaries and employee entitlements are all non-interest bearing.

(b) Credit risk exposure

Receivables are amounts owing by other government agencies which are guaranteed and therefore no credit risk exists.

(c) The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2.

	2003/04	2002/03
	Non-Interest	Non-Interest
	Bearing	Bearing
	\$	\$
<u>Financial Assets</u>		
Cash assets	479,312	258,364
Restricted cash assets	72,000	622,474
Amounts receivable for outputs	139,000	159,000
Receivables	31,389	7,009
Total Financial Assets	<u>721,701</u>	<u>1,046,847</u>
<u>Financial Liabilities</u>		
Payables	110,046	58,191
Accrued salaries	58,072	44,866
Total Financial Liabilities	<u>168,118</u>	<u>103,057</u>
Net Financial Assets/(Liabilities)	<u>553,583</u>	<u>943,790</u>



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

25 Indian Ocean Territories

The Indian Ocean Territories Reimbursement 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.

The balance of the Fund at the end of the financial year is included in the Office's Operating Account.

The figures presented below for the Fund have been prepared on a cash basis.

	2003/04	2002/03
	\$	\$
Opening balance	15,573	15,573
Receipts	0	0
Payments	13,481	0
Closing balance	<u>2,092</u>	<u>15,573</u>

26 The Impact of Adopting International Accounting Standards

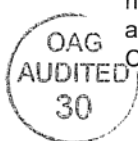
The Parliamentary Commissioner for Administrative Investigations is adopting international accounting standards in compliance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS).

AASB 1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 on an IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

AASB 1047 "Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards" requires financial reports for periods ending on or after 30 June 2004 to disclose as follows:

(i) How the transition to Australian equivalents to IFRS is being managed:

The Parliamentary Commissioner for Administrative Investigations will implement any necessary changes to accounting policy due to the adoption of Australian equivalents to IFRS, as recommended by its accounting service provider, the Department of the Premier and Cabinet.



Parliamentary Commissioner For Administrative Investigations

Notes to the Financial Statements for the Year Ended 30 June 2004

In this regard, the Department has established the International Financial Reporting Standards (IFRS) working group to review all Australian equivalents to the IFRS with a view to assessing the impact on reporting requirements under the Financial Administration and Audit Act 1985.

(ii) Key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS.

Currently, there are no key differences in the accounting policies that are expected to arise from adopting Australian equivalents to IFRS.

27 Events Occurring After Reporting Date

On 28 July 2004 the Western Australian Industrial Relations Commission determined that public service officers would be granted a 3.8% pay increase from the first pay on or after the 26 February 2004 pursuant to the Public Service General Agreement 2004.

Due to the timing of the determination, appropriate financial adjustments have not been recognised.

The payment of the increase would have resulted in:

- * Increased salaries and superannuation of approximately \$25,130; and
- * Increased employee entitlements of approximately \$18,170





AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion,

- (i) the controls exercised by the Parliamentary Commissioner for Administrative Investigations provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Parliamentary Commissioner at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

Scope

The Parliamentary Commissioner's Role

The Parliamentary Commissioner is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

Handwritten signature of D D R Pearson.

D D R PEARSON
AUDITOR GENERAL
September 30, 2004

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