

Disclosures and Legal Compliance

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

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Good
Governance

Financial Statements and Key Performance Indicators

Independent Audit Opinion



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

I have audited the accounts, financial statements, controls and key performance indicators of the Parliamentary Commissioner for Administrative Investigations.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

Parliamentary Commissioner's Responsibility for the Financial Statements and Key Performance Indicators

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 and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators 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 and key performance indicators.

**Parliamentary Commissioner for Administrative Investigations
Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Parliamentary Commissioner for Administrative Investigations at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Parliamentary Commissioner 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; and
- (iii) the key performance indicators of the Parliamentary Commissioner are relevant and appropriate to help users assess the Parliamentary Commissioner's performance and fairly represent the indicated performance for the year ended 30 June 2010.



COLIN MURPHY
AUDITOR GENERAL
7 September 2010

Statement of Certification



CERTIFICATION OF FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS

Certification of Financial Statements for the year ended 30 June 2010

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 ending 30 June 2010 and the financial position as at 30 June 2010.

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

Certification of Key Performance Indicators for the year ended 30 June 2010

I certify that the performance indicators are based on proper records, are relevant and are appropriate for assisting users to assess performance and accurately represent the performance of the Parliamentary Commissioner for Administrative Investigations for the financial year ended 30 June 2010.

Mary White
Chief Finance Officer

30 August 2010

Chris Field
Accountable Authority

30 August 2010

Financial Statements and Notes

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Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	<u>6.</u>	5,028,391	3,886,648
Supplies and services	<u>7.</u>	982,862	864,163
Depreciation and amortisation expense	<u>8.</u>	192,616	120,517
Accommodation expenses	<u>9.</u>	737,327	618,159
Other expenses	<u>10.</u>	24,278	19,344
Loss on disposal of non-current asset	<u>12.</u>	-	3,418
Total cost of services		6,965,474	5,512,249
Income			
Revenue			
Other revenue	<u>11.</u>	953,475	823,376
Total Revenue		953,475	823,376
Total income other than income from State Government		953,475	823,376
NET COST OF SERVICES		6,011,999	4,688,873
Income from State Government			
Service Appropriation	<u>13.</u>	5,753,000	4,564,000
Resources received free of charge	<u>13.</u>	106,231	42,546
Total income from State Government		5,859,231	4,606,546
SURPLUS/(DEFICIT) FOR THE PERIOD		(152,768)	(82,327)
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(152,768)	(82,327)

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

Statement of Financial Position

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	<u>23.</u>	447,023	420,570
Receivables	<u>15.</u>	180,126	424,814
Amounts receivable for services	<u>16.</u>	87,000	67,000
Total Current Assets		714,149	912,384
Non-Current Assets			
Restricted cash and cash equivalents	<u>14., 23.</u>	86,271	52,498
Amounts receivable for services	<u>16.</u>	1,445,000	1,033,000
Plant and equipment	<u>17.</u>	674,383	716,538
Intangible assets	<u>18.</u>	81,166	147,965
Total Non-Current Assets		2,286,820	1,950,001
TOTAL ASSETS		3,000,969	2,862,385
LIABILITIES			
Current Liabilities			
Payables	<u>20.</u>	315,708	304,102
Provisions	<u>21.</u>	1,081,805	852,981
Total Current Liabilities		1,397,513	1,157,083
Non-Current Liabilities			
Provisions	<u>21.</u>	302,481	251,559
Total Non-Current Liabilities		302,481	251,559
TOTAL LIABILITIES		1,699,994	1,408,642
NET ASSETS		1,300,975	1,453,743
EQUITY			
Contributed Equity	<u>22.</u>	930,000	930,000
Accumulated surplus/(deficit)	<u>22.</u>	370,975	523,743
TOTAL EQUITY		1,300,975	1,453,743

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 2010

	Note	Contributed Equity	Reserves	Accumulated surplus/ (deficit)	Total Equity
Balance at 1 July 2008	<u>22.</u>	732,000	-	606,070	1,338,070
Total comprehensive income for the year		-	-	(82,327)	(82,327)
Transactions with owners in their capacity as owners					
Capital appropriations		198,000	-	-	198,000
Balance at 30 June 2009		930,000	-	523,743	1,453,743
Balance at 1 July 2009		930,000	-	523,743	1,453,743
Total comprehensive income for the year		-	-	(152,768)	(152,768)
Balance at 30 June 2010		930,000	-	370,975	1,300,975

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

Statement of Cash Flow

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		5,254,000	4,123,000
Capital appropriations		-	198,000
Holding account drawdowns		67,000	84,000
Net cash provided by State Government		5,321,000	4,405,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(4,716,300)	(3,579,582)
Supplies and services		(975,169)	(898,985)
Accommodation		(737,328)	(618,159)
GST payments on purchases		(185,285)	(135,750)
GST payments to taxation authority		(85,986)	(23,555)
Other payments		(24,278)	(19,343)
Receipts			
User charges and fees		1,254,492	721,978
GST receipts on sales		129,023	82,331
GST receipts from taxation authority		142,315	76,974
Net cash provided by/(used in) operating activities	23.	(5,198,516)	(4,394,091)
CASH FLOWS FROM INVESTING ACTIVITIES			
Date: 31 August 2010		-	150
Purchase of non-current physical assets		(62,258)	(163,141)
Net cash provided by/(used in) investing activities		(62,258)	(162,991)
Net increase/(decrease) in cash and cash equivalents		60,226	(152,082)
Cash and cash equivalents at the beginning of period		473,068	625,150
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	23.	533,294	473,068

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2010

	2010 Estimate \$	2010 Actual \$	Variance \$	2010 Actual \$	2009 Actual \$	Variance \$
<u>Delivery Services</u>						
Item 4 Net amount appropriated to deliver services	4,675,000	5,217,000	542,000	5,217,000	4,067,000	1,150,000
Amount Authorised by Other Statutes - <i>Parliamentary Commissioner Act 1971</i>	536,000	536,000	-	536,000	497,000	39,000
Total appropriations provided to deliver services	5,211,000	5,753,000	542,000	5,753,000	4,564,000	1,189,000
<u>Capital</u>						
Capital Contribution	-	-	-	-	198,000	(198,000)
GRAND TOTAL	5,211,000	5,753,000	542,000	5,753,000	4,762,000	991,000
<u>Details of Expenses by Service</u>						
Resolving complaints about decision making of public authorities and improving the standard of public administration	5,913,000	6,965,474	1,052,474	6,965,474	5,512,249	1,453,225
Total Cost of Services	5,913,000	6,965,474	1,052,474	6,965,474	5,512,249	1,453,225
Less total income	(639,000)	(953,475)	(314,475)	(953,475)	(823,376)	(130,099)
Net Cost of Services	5,274,000	6,011,999	737,999	6,011,999	4,688,873	1,323,126
Adjustment ^(a)	(63,000)	(258,999)	(195,999)	(258,999)	(124,873)	(134,126)
Total appropriations provided to deliver services	5,211,000	5,753,000	542,000	5,753,000	4,564,000	1,189,000
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	67,000	62,258	(4,742)	62,258	163,141	(100,883)
Adjustments for other funding sources	(67,000)	(62,258)	4,742	(62,258)	34,859	(97,117)
Capital appropriations	-	-	-	-	198,000	(198,000)

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

Note 28 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010. Refer **2(c)** with respect to the combination of services provided in 2009-2010.

Notes to the Financial Statements

For the year ending 30 June 2010

Note 1. Australian Accounting Standards

General

The office's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The terms 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the office for the annual reporting period ended 30 June 2010.

Note 2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 are legislative provisions governing 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 except for land, buildings and infrastructure which have been measured at fair value.

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.

The judgements that have been made in the process of applying the office's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at [note 3](#) 'Judgements made by management in applying accounting policies'.

The 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 are disclosed at [note 4](#) “Key sources of estimation uncertainty”.

(c) Reporting entity

The reporting entity comprises the office of the Parliamentary Commissioner for Administrative Investigations, generally known as the Ombudsman Western Australia (the office).

Mission

The mission of the Ombudsman Western Australia 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 Western Australia also performs the functions of the Energy Ombudsman Western Australia (EOWA) under a services agreement with the Board of Energy Industry Ombudsman (Western Australia) Limited, the governing body of EOWA. The office recoups the costs for EOWA 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.

In 2008-09 there were two services provided by the office. These were Service 1: Investigating Complaints about the Administrative Actions of Public Sector Organisations and Service 2: Inspection of Eligible Authorities to Ensure Compliance with Statutory Provisions When They Intercept Telecommunications. However, the office has combined these two services to form a single service in 2009-10.

As there will only be one service reported in 2009-10 the ‘Schedule of Income and Expenses’ and ‘Schedule of Assets and Liabilities’ are no longer prepared for 2009-10.

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 Interpretations 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.

Transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See [note 23](#) ‘Equity’.

(e) IncomeRevenue recognition

Revenue is 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 upon the delivery of the service to the client or by reference to the stage of completion of the transaction.

Service appropriations

Service Appropriations are recognised as revenues at nominal 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 into the bank account or credited to the 'Amount receivable for service' (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 determination specified in the 2009-2010 Budget Statements, the office retained **\$953,475** in 2010 (**\$823,376** in 2009) 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

Gains may be realised or unrealised and 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 equipmentCapitalisation/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.

Initial recognition and measurement

All items of 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

At this time, the office does not hold land, buildings or infrastructure assets. As such, items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

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 on other assets 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 life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed 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) on the straight line basis using rates which are reviewed annually. 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
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(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 treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and

amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(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.

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 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. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits to be 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 equivalents (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 [refer [note 20](#) 'Payables'] represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with 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 net fair value.

The accrued salaries suspense account [refer [note 14](#) 'Restricted cash and 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 that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised and carried 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 they are generally settled 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

Annual leave and long service leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave

expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers 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.

All annual leave and 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 reporting period.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The office has no liabilities under the Pension or the GSS Scheme. The liability for the unfunded Pension Scheme and the unfunded GSS transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the office to the GESB. The concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension 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). Both of these schemes are accumulation schemes. The office makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The 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

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, and

the GESBS. Note that the employer contribution paid to the GESB in respect of the GSS are paid back into the Consolidated Account by the GESB.

The GSS Scheme is a defined benefit scheme for the purpose 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 agency to GESB extinguishes the agency's obligations to the related superannuation liability.

(r) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

Where assets or services are received from another State Government agency, these 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 judgements that have been used in the process of applying accounting policies have had no material effect on amounts recognised in the financial statements.

Note 4. Key sources of estimation uncertainty

There were no estimates or assumptions made concerning the future, or other key sources of estimation uncertainty at the end of the reporting period that is likely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 for annual reporting periods beginning on or after 1 July 2009 that impacted on the office:

AASB 101	<i>Presentation of Financial Statements</i> (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.
AASB 2007-10	<i>Further Amendments to Australian Accounting Standards arising from AASB 101</i> . This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13	<i>Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110].</i> This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Department does not expect any financial impact when the Standard is first applied prospectively.
AASB 2009-2	<i>Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038.</i> This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

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*. Consequently, the office has not applied early any following Australian Accounting Standards that have been issued that may impact the office. Where applicable, the office plans to apply these Australian Accounting Standards from their application date:

		Operative for reporting periods beginning on/after
AASB 2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i>	1 Jan 2013
	The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	

Note 6. Employee benefits expense

	2010 \$	2009 \$
Wages and salaries ^(a)	4,287,870	3,197,834
Superannuation - defined contribution plans ^(b)	370,428	314,642
Long service leave ^(c)	179,989	180,857
Annual leave ^(c)	99,224	112,912
Other related expenses	90,880	80,403
	5,028,391	3,886,648

- (a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.
- (b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).
- (c) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at **note 10** 'Other Expenses'. The employment on-costs liability is included in **note 21** 'Provisions'.

Note 7. Supplies and services

	2010 \$	2009 \$
Travel	68,852	31,318
Communications	52,267	54,353
Consumables	108,672	185,380
Services and contracts	416,180	351,782
Resources received free of charge (see note 13)	106,231	33,244
Other	230,660	208,086
	982,862	864,163

Note 8. Depreciation and amortisation expense

Date: 31 August 2010	2010 \$	2009 \$
<u>Depreciation</u>		
Furniture fixtures and fittings	71,173	25,658
Computer equipment	8,939	6,165
Communications	18,217	4,554
Office equipment	4,470	8,610
Plant and machinery	1,593	1,593
Total depreciation	104,392	46,580
<u>Amortisation</u>		
Intangible assets	88,224	73,937
Total amortisation	88,224	73,937
Total depreciation and amortisation	192,616	120,517

Note 9. Accommodation expenses

	2010 \$	2009 \$
Lease rentals	734,948	608,200
Repairs and maintenance	2,379	9,959
	737,327	618,159

Note 10. Other expenses

	2010 \$	2009 \$
Employment on-cost ^(a)	533	(3,661)
Audit Fee ^(b)	20,700	23,005
Other Miscellaneous Expenses	3,045	-
	24,278	19,344

- (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 21** 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.
- (b) Audit fee, see also **note 31** 'Remuneration of auditor'.

Note 11. Other revenue

	2010 \$	2009 \$
Other revenue - general	908,243	823,376
Other recoup	45,232	-
	953,475	823,376

Note 12. Net gain/(loss) on disposal of non-current assets

	2010 \$	2009 \$
<u>Costs of Disposal of Non-Current Assets</u>		
Property, plant and equipment	-	3,568
<u>Proceeds from Disposal of Non-current Assets</u>		
Property, plant and equipment	-	150
Net gain/(loss)	-	(3,418)

Note 13. Income from State Government

	2010 \$	2009 \$
Appropriation received during the year:		
Service appropriations ^(a)		
- Recurrent	5,217,000	4,067,000
- Special Acts	536,000	497,000
	5,753,000	4,564,000
Resources received free of charge ^(b)		
Determined on the basis of the following estimates provided by agencies:		
State Solicitors	-	43
Department of Premier and Cabinet Corporate and Business Services	95,408	33,201
DTF - Building and Management Works	10,823	9,302
	106,231	42,546
	5,859,231	4,606,546

- (a) Service appropriations are accrual amounts reflecting the net cost of services 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.
- (b) Where assets or services have been received free of charge or for nominal cost, the office recognises revenue equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the office makes an adjustment direct to equity.

Note 14. Restricted cash and cash equivalents

	2010 \$	2009 \$
<u>Non-current</u>		
Accrued salaries suspense account ^(a)	86,271	52,498
	86,271	52,498

- (a) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

Note 15. Receivables

	2010 \$	2009 \$
<u>Current</u>		
Receivables	99,152	364,400
Accrued revenue	-	35,769
GST receivable	80,974	24,645
Total current	180,126	424,814

There were no allowances made in the current year for the impairment of receivables (2008/09: nil)

The office does not hold any collateral as security or other credit enhancements relating to receivables. See also [note 2\(n\)](#) 'Receivables' and [note 28](#) 'Financial Instruments'.

Note 16. Amounts receivable for services

	2010 \$	2009 \$
Current	87,000	67,000
Non-Current	1,445,000	1,033,000
	1,532,000	1,100,000

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 17. Plant and equipment

	2010 \$	2009 \$
<u>Furniture fixtures and fittings</u>		
At cost	1,114,048	1,102,766
Accumulated depreciation	(580,556)	(509,383)
	533,492	593,383
<u>Computer Hardware</u>		
At Cost	117,631	78,248
Accumulated depreciation	(81,536)	(72,597)
	36,095	5,651
<u>Office equipment</u>		
At cost	33,921	22,349
Accumulated depreciation	(7,524)	(3,054)
	26,397	19,295
<u>Plant and machinery</u>		
At cost	15,780	15,780
Accumulated depreciation	(5,693)	(4,100)
	10,087	11,680
<u>Communications</u>		
At cost	109,083	109,083
Accumulated depreciation	(40,771)	(22,554)
	68,312	86,529
	674,383	716,538

Reconciliation

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

	Furniture & fittings	Computer hardware	Office equipment	Communi- cations	Leasehold improve- ments WIP	Plant & machinery	Total
	\$	\$	\$	\$	\$	\$	\$
2010							
Carrying amount at start of year	593,382	5,651	19,296	86,529	-	11,680	716,538
Additions	11,282	39,383	11,572	-	-	-	62,237
Transfers	-	-	-	-	-	-	-
Depreciation	(71,172)	(8,939)	(4,471)	(18,217)	-	(1,593)	(104,392)
Carrying amount at end of year	533,492	36,095	26,397	68,312	-	10,087	674,383
	\$	\$	\$	\$	\$	\$	\$
2009							
Carrying amount at start of year	127,636	11,816	20,616	-	494,253	13,273	667,594
Additions	491,404	-	10,857	91,083	-	-	593,344
Transfers	-	-	(3,567)	-	(494,253)	-	(497,820)
Depreciation	(25,658)	(6,165)	(8,610)	(4,554)	-	(1,593)	(46,580)
Carrying amount at end of year	593,382	5,651	19,296	86,529	-	11,680	716,538

Note 18. Intangible assets

	2010 \$	2009 \$
<u>Computer Software</u>		
At cost	250,500	250,500
Accumulated amortisation	(190,759)	(102,535)
	59,741	147,965
<u>Licences</u>		
At cost	21,425	-
Accumulated amortisation	-	-
	21,425	-
	81,166	147,965
Reconciliation:		
<u>Computer Software</u>		
Carrying amount at start of year	147,965	157,853
Additions	-	158,580
Transfer	-	(94,530)
Amortisation expense	(88,224)	(73,938)
Carrying amount at end of year	59,741	147,965
<u>Licences</u>		
Carrying amount at start of year	-	-
Additions	21,425	-
Carrying amount at end of year	21,425	-

Note 19. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at **30 June 2010**.

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 as at **30 June 2010** have either been classified as assets held for sale or written-off.

Note 20. Payables

	2010 \$	2009 \$
<u>Current</u>		
Trade payables	25,383	35,044
Accrued Expenses	166,710	148,502
Accrued Salaries	73,620	41,275
Other payables	49,995	79,281
Total current	315,708	304,102

Note 21. Provisions

	2010 \$	2009 \$
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	515,697	401,852
Long service leave ^(b)	565,613	451,050
	1,081,310	852,902
<i>Other provisions</i>		
Employment on-costs ^(c)	495	79
	495	79
	1,081,805	852,981
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	302,340	251,535
	302,340	251,535
<i>Other provisions</i>		
Employment on-costs ^(c)	141	24
	141	24
	302,481	251,559

- (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 reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2010 \$	2009 \$
Within 12 months of the end of the reporting period	276,256	252,814
More than 12 months after the reporting period	239,441	149,038
	515,697	401,852

- (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 reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2010 \$	2009 \$
Within 12 months of the end of the reporting period	347,528	263,635
More than 12 months after the reporting period	520,425	438,950
	867,953	702,585

Movement in other provisions

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

	2010 \$	2009 \$
<u>Employment on-cost provision</u>		
Carrying amount at start of year	103	3,765
Additional provisions recognised	533	(3,662)
Carrying amount at end of year	636	103

Note 22. 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 surplus represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

	2010 \$	2009 \$
Balance at the start of the year	930,000	732,000
<u>Contributions by owners</u>	-	198,000
Capital Contributions	-	-
Total Contributions by owners		198,000
Balance at end of period	930,000	930,000

- (a) Under the Treasurer's Instruction TI 955 'Contribution by Owners Made to Wholly Owned Public Sector Entities' Capital Contributions (appropriations) have been designated as contributions by owners in accordance with AASB Interpretation 1038 'Contributions by Owners made to Wholly-Owned Public Sector Entities'.

Accumulated surplus/(deficit)

	2010 \$	2009 \$
Balance at the start of the year	523,743	606,070
Result for the period	(152,768)	(82,327)
Balance at end of the year	370,975	523,743

Note 23. Notes to the Cash Flow Statement**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:

	2010 \$	2009 \$
Cash and cash equivalents	447,023	420,570
Restricted cash and cash equivalents (refer to <u>note 14</u>)	6,271	52,498
	533,294	473,068

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

	2010 \$	2009 \$
Net cost of services	(6,011,999)	(4,688,873)
<u>Non-cash items:</u>		
Depreciation and amortisation expense (refer <u>note 8</u>)	192,616	120,517
Resources received free of charge (refer <u>note 13</u>)	106,231	42,546
<u>(Increase)/decrease in assets:</u>		
Current receivables ^(c)	301,017	(101,399)
<u>Increase/(decrease) in liabilities:</u>		
Accrued Salaries	32,345	16,961
Current payables	(80,144)	(86,259)
Current provisions	228,824	214,528
Non-current provisions	50,922	75,579
Change in GST in receivables/payables ^(b)	(18,328)	12,309
Net cash provided by/(used in) operating activities	(5,198,516)	(4,394,091)

- (a) This is the net GST paid/received, i.e cash transaction.
 (b) This reverses out the GST in receivables and payables.
 (c) Note that the Australian Taxation Office (ATO) receivable/payable in respect of 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.

At the end of the reporting period, the office had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

Note 24. Resources provided free of charge

The office did not provide any resources to other agencies free of charge.

Note 25. Commitments

Capital expenditure commitments

	2010 \$	2009 \$
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	62,329	-
	62,329	-

Non-cancellable operating leases commitments

	2010 \$	2009 \$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	524,040	461,472
Later than 1 year and not later than 5 years	518,684	923,995
	1,042,724	1,385,467

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

The motor vehicle lease is a non-cancellable lease with a three year term, with lease payments 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.

Note 26. Contingent liabilities and contingent assets

Contingent liabilities

The office has no contingent liabilities.

Contingent assets

The office has no contingent assets.

Note 27. Events occurring after the end of the reporting period

There were no events occurring after the reporting date that impact on the financial statements.

Note 28. Explanatory Statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10%. Refer [note 2\(c\)](#) with respect to the combination of services provided in 2009-2010.

Total appropriations provided to deliver services**Significant variances between estimate and actual for 2010**

	2010 Estimate	2010 Actual	Variance
Appropriations to Deliver the Service ^(a)	5,211,000	5,753,000	542,000
Income for the Service ^(b)	639,000	953,475	314,475

- (a) The increase in appropriations to deliver the service is comprised of:
- \$300,000 approved supplementary funding to cover increased expenses associated with a significant increase in complaints during the year;
 - \$144,000 approved budget increase for an adjustment to depreciation associated with previously approved capital funding; and
 - \$98,000 approved budget increase for an adjustment to leave liability due to an increase in staff associated with previously approved budget and staffing increases.
- (b) The increase in income for the service is primarily due to:
- an increase in funding of \$264,000 approved by the Board of the Energy Ombudsman Western Australia to cover additional expenses associated with a significant increase in complaints under the Energy Ombudsman's jurisdiction; and
 - income of \$33,000 recouped from the Commonwealth for expenses associated with handling complaints from the Indian Ocean Territories. In previous years this recoup was reported as a grant.

Significant variances between actual results for 2009 and 2010

	2010 Estimate	2010 Actual	Variance
Appropriations to Deliver the Service ^(a)	5,753,000	4,564,000	1,189,000
Income for the Service ^(b)	953,475	823,376	130,099

- (a) The increase in appropriations to deliver the service is comprised of:
- \$562,000 increased appropriations due to an approved budget increase for the new child death review function which commenced on 30 June 2009;
 - \$542,000 increased budget appropriations approved during 2009-10 as outlined above; and
 - the remainder is approved funding for normal salary and cost escalation.
- (b) The increase in income for the service is primarily comprised of:
- an increase of \$282,000 for additional funding for the Energy Ombudsman jurisdiction, and
 - a reduction in income in 2009-10 due to a one-off income of \$150,000 in 2008-09 for a recoup of expenses from the Department for Child Protection to cover costs associated with the establishment of the child death review jurisdiction.

Service Expenditure**Significant variances between estimate and actual for 2010**

	2010 Estimate	2010 Actual	Variance
Expenses for Service	5,913,000	6,965,474	1,052,474

The increase in expenses for the service is primarily due to:

- increased employee benefits expenses for additional staff required to handle a significant increase in complaints during the year in both the State jurisdiction and the Energy jurisdiction, funded through supplementary funding of \$300,000, an increase of \$264,000 in income approved by the Board of the Energy Ombudsman Western Australia, and recurrent funds on hand; and
- increased expenses for an adjustment to depreciation and leave liability, associated with previously approved capital purchases and additional staffing budget, funded through a budget adjustment of \$242,000 for depreciation and leave liability.

Significant variances between actual results for 2009 and 2010

	2010 Estimate	2010 Actual	Variance
Expenses for Service	6,965,474	5,512,249	1,453,225

Expenses for Service

The increase in expenses for the service is primarily due to:

- increased expenses for the new child death review function which commenced on 30 June 2009, and was funded by an approved increase in appropriations of \$562,000; and
- increased expenses for the Energy Ombudsman jurisdiction, due to a substantial increase in complaints, funded by an increase of \$282,000 in income approved by the Board of the Energy Ombudsman Western Australia.

Capital contribution

Significant variances between actual results for 2009 and 2010

	2010 Estimate	2010 Actual	Variance
Capital contribution	-	198,000	(198,000)

The reduction in capital contribution is due to a one-off contribution in 2008-09 to cover capital costs associated with the new child death review function.

Note 29. 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 provisions for impairment, as shown in the table at [note 29\(c\)](#) 'Financial instruments disclosures' and [note 15](#) 'Receivables'.

Credit risk associated with the office's financial assets is minimal because the main receivable is the amounts receivables 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 sales of products and 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. The office's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

(b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2010 \$	2009 \$
<u>Financial Assets</u>		
Cash and cash equivalents	447,023	420,570
Restricted cash and cash equivalents	86,271	52,498
Receivables ^(a)	1,631,152	1,500,169
<u>Financial Liabilities</u>		
Date: 31 August 2010	315,708	304,102

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

(c) Financial Instrument disclosures

Credit risk and interest rate exposures

The following table discloses the office's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The office's maximum exposure to credit risk at 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 in 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.

Interest rate exposures and ageing analysis of financial assets ^(a)										
Date: 31 August 2010	Interest rate exposure					Past due but not impaired				
	Weighted average effective interest rate %	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Up to 3 months	3 – 12 months	1 – 2 Years	2 – 5 Years	More than 5 Years
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Financial Assets</u>										
2010										
Cash and cash equivalents		447,023	-	-	447,023	-	-	-	-	-
Restricted cash and cash equivalent		86,271	-	-	86,271	-	-	-	-	-
Receivables ^(a)		99,152	-	-	99,152	37,419	-	-	-	-
Amount receivable for service		1,532,000	-	-	1,532,000	-	-	-	-	-
		2,164,446	-	-	2,164,446	37,419	-	-	-	-
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2009										
Cash and cash equivalents		420,570	-	-	420,570	-	-	-	-	-
Restricted cash and cash equivalent		52,498	-	-	52,498	-	-	-	-	-
Receivables ^(a)		400,169	-	-	400,169	361,730	-	-	-	-
Amount receivable for service		1,100,000	-	-	1,100,000	-	-	-	-	-
		1,973,237	-	-	1,973,237	361,730	-	-	-	-

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

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and maturity analysis of financial liabilities												
Interest rate exposure								Maturity date				
Date: 31 August 2010	Weighted average effective interest rate %	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Adjustment for discounting	Total nominal amount	Up to 3 months	3 – 12 months	1 -2 Years	2 – 5 Years	More than 5 Years
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$
<u>Financial Liabilities</u>												
2010												
Payables		315,708	-	-	315,708	-	-	315,708	-	-	-	-
		315,708	-	-	315,708	-	-	315,708	-	-	-	-
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$
2009												
Payables		304,102	-	-	304,102	-	-	304,102	-	-	-	-
		304,102	-	-	304,102	-	-	304,102	-	-	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

None of the office's financial assets and liabilities at the end of reporting date are sensitive to movements in interest rates, hence movements in interest rates have no bottom line 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 30. Remuneration of senior officers

The number of senior officers whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

	2010 \$	2009 \$
70,001 - 80,000	-	1
100,001 - 110,000	-	1
120,001 - 130,000	-	3
130,001 - 140,000	1	1
140,001 - 150,000	2	-
150,001 - 160,000	1	-
200,001 - 210,000	1	-
280,001 - 290,000	-	1
300,001 - 310,000	1	-
The total remuneration of senior officers	1,088,031	976,632

The total remuneration includes the superannuation expense incurred by the office in respect of senior officers.

Note 31. Remuneration of auditor

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

Date: 31 August 2010	2010 \$	2009 \$
Auditing the accounts, financial statements and performance indicators	21,600	20,700

Note 32. Related bodies

The office had no related bodies during the financial year.

Note 33. Affiliated bodies

The office had no affiliated bodies during the financial year.

Note 34. 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.

	2010 \$	2009 \$
Opening Balance	10,034	11,174
Receipts	23,402	-
Payments	(21,804)	(1,140)
Closing Balance	11,632	10,034

Note 35. Supplementary financial information

- (a) **Write-offs**
There was no write-off during the financial year.
- (b) **Losses through theft, defaults and other causes**
There were no losses of public money and public and other property during the financial year.
- (c) **Gifts of public property**
There were no gifts of public property provided by the office during the financial year.

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.

The key effectiveness indicators of the Ombudsman's office report on the extent to which public sector agencies have improved their decision making, practices and conduct as a result of recommendations and suggestions made by the Ombudsman.

In 2009-10 there were 2,009 complaints received and 1,848 complaints finalised (including 2,015 separate allegations). During the year agencies responded to 49 recommendations and suggestions for improvement made by the Ombudsman, all of which were accepted. In addition there were a further 45 actions initiated by agencies to improve their practices as well as 111 actions by agencies to provide a remedy for the complainant as a result of the Ombudsman's investigation.

The effectiveness of the Ombudsman in achieving improved administrative decision making and practices in agencies is shown by the high levels of acceptance of recommendations and suggestions for improvement over the last four years, with 100 per cent being accepted by agencies each year from 2007-08 to 2009-10.

Key Effectiveness Indicators	2006-07	2007-08	2008-09	2009-10 Target	2009-10 Actual
Of allegations where Ombudsman made recommendations to improve practices or procedures, percentage of recommendations accepted by agencies (a)	94%	100%	100%	100%	100%
Number of improvements to practices or procedures as a result of Ombudsman action (b)	50	34	29	40	49

- (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

The percentage of recommendations accepted has been maintained over the last three years with 100 per cent of recommendations being accepted in each year from 2007-08 to 2008-09. This meets the target for 2009-10 of 100 per cent and the office has again set a target of 100 per cent for 2010-11.

The number of accepted recommendations and suggestions for improvements to practices or procedures was 49 in 2009-10 and exceeded the target of 40. There has also been a continuation of the very pleasing trend, noted last year, for agencies to initiate improvements to their practices prior to the conclusion of an investigation. In 2009-10 agencies advised the Ombudsman of 45 voluntary actions by agencies, compared to 43 in 2008-09.

Key Efficiency Indicators

The Ombudsman's key efficiency indicators relate to the following service:

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

Key functions included complaint resolution services, reviews of the sudden and unexpected deaths of children and other activities to improve public administration. The key efficiency indicators relate to timeliness of complaint handling, the cost per finalised allegation and the cost per finalised notification of the sudden and unexpected death of a child.

Key Efficiency Indicators	2006-07	2007-08	2008-09	2009-10 Target	2009-10 Actual
Percentage of allegations finalised within three months	69%	78%	82%	80%	82%
Percentage of allegations finalised within 12 months	89%	95%	96%	95%	99%
Percentage of allegations on hand at 30 June less than three months old	33%	51%	71%	50%	63%
Percentage of allegations on hand at 30 June less than 12 months old	78%	85%	96%	85%	97%
Average cost per finalised allegation (a)	\$2,579	\$2,941	\$2,759	\$2,860	\$1,999
Average cost per finalised notification of the sudden or unexpected death of a child (b)	NA	NA	NA	NA	\$9,377

- (a) This is the net cost of complaint resolution services divided by the number of allegations finalised.
- (b) This is a new measure due to the commencement of the child death review function in 2009-10 and is the net cost of undertaking the child death review function divided by the number of notifications finalised.

Comparison of Actual Results and Budget Targets

The timeliness indicators show the office has continued to build on a substantial improvement over the previous three years due to a strong focus on efficiency of the complaint handling process.

All timeliness indicators exceeded the target for 2009-10 and three of the four exceeded the indicators for 2008-09. There has been a small reduction in the percentage of allegations on hand less than three months old at 30 June 2010 primarily due to a significant increase in the number of complaints received and finalised during the year.

In 2009-10 there were 2,015 allegations finalised compared to 1,478 in 2008-09. As there has been only a modest increase in resources for complaint resolution, the increase in finalised allegations has contributed to a decline in the cost per finalised allegation in 2009-10.

This year the office received additional funding to establish the child death review function to review the deaths of certain children known to the Department for Child Protection, with the aim of identifying strategies to improve public sector administration and collaboration between agencies in relation to preventable child deaths. A new indicator has been introduced, for the first time this year, on the cost per finalised notification of the sudden or unexpected death of a child.

Other Disclosures and Legal Compliance

Other Financial and Staffing Disclosures

Pricing Policies of Services Provided

The Ombudsman's office currently receives revenue for the functions outlined below.

- Costs for the Energy Ombudsman functions are recouped from the Energy Industry 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 the direct recovery of capital expenditure and particular operational expenses, such as travel.
- Under an Agreement 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 Territories. Each year the office recoups costs from the Australian Government for any complaints received from these Territories. Cost recovery is based on the average cost per complaint in the last two years as published in the office's Annual Reports. The costs of any travel to the Territories by the Ombudsman or staff and any promotional materials are also recouped in full.
- The office is a partner with the Commonwealth Ombudsman and the New South Wales Ombudsman in an AusAID funded program in Indonesia (funded under the AusAID Government Partnership Fund), the principal goal of which is to provide greater access across Indonesia, to more effective and sustainable Ombudsman Services. The Ombudsman's office recoups costs for these activities from the Commonwealth Ombudsman's office in accordance with the [Australia Indonesia Partnership for Reconstruction and Development Government Partnership Fund Guidelines](#).

Capital Works

There were no significant capital works during 2009-10.

Ombudsman Staff

Employment

Staff numbers at the Ombudsman's office have increased in 2009-10. The increase can be attributed to additional functions, such as the implementation of the child death review jurisdiction, and an increase in the number of enquiries and complaints received by the office.

Over the full year 2009-10 there were 46 full-time equivalent positions (FTEs), and as at 30 June 2010, there were 58 employees, including 45 full time employees and 13 part time employees. This includes people on unpaid leave and contract staff employed to provide short term expertise and backfill staff during extended leave periods, such as maternity leave. There were also four people seconded to the office, and three people employed through a recruitment agency to cover short term vacancies.

All employees are public sector employees operating in executive, policy, enquiry, investigation and administrative roles. The table below provides a breakdown of the categories of employment for staff as at 30 June over the past three years.

Employee Category	2007-08	2008-09	2009-10
Full-time permanent	30	30	37
Full-time contract	2	5	8
Part-time permanent	5 (3.2 FTEs)	11 (7.4 FTEs)	13 (8.6 FTEs)
Part-time contract	1 (0.8 FTEs)	0	0
TOTAL	38 (36 FTEs)	46 (42.4 FTEs)	58 (53.6 FTEs)
Employees seconded out (including in numbers above)	0	0	-2 (2 FTEs)
Employees seconded in (not included in numbers above)	2 (1.5 FTEs)	3 (3 FTEs)	4 (4 FTEs)
Temporary staff employed through recruitment agencies	n/a	n/a	3 (3 FTEs)
NET TOTAL (FTE)	37.5	45.4	58.6
NET TOTAL (Head Count)	40	49	63

Human Resources Strategy 2010-12

One of the key priorities for the office during the year has been the development and implementation of an inaugural *Human Resources Strategy (the Strategy)* to support staff development and aid in the attraction and retention of staff.

Work undertaken on the Strategy has resulted in:

- A *Human Resources Strategic Plan*;
- A *Human Resources Operational Plan* (including attraction and retention strategies);
- A *Training and Development Program*; and
- A revised *Performance Management and Development System*.

Mission and Values

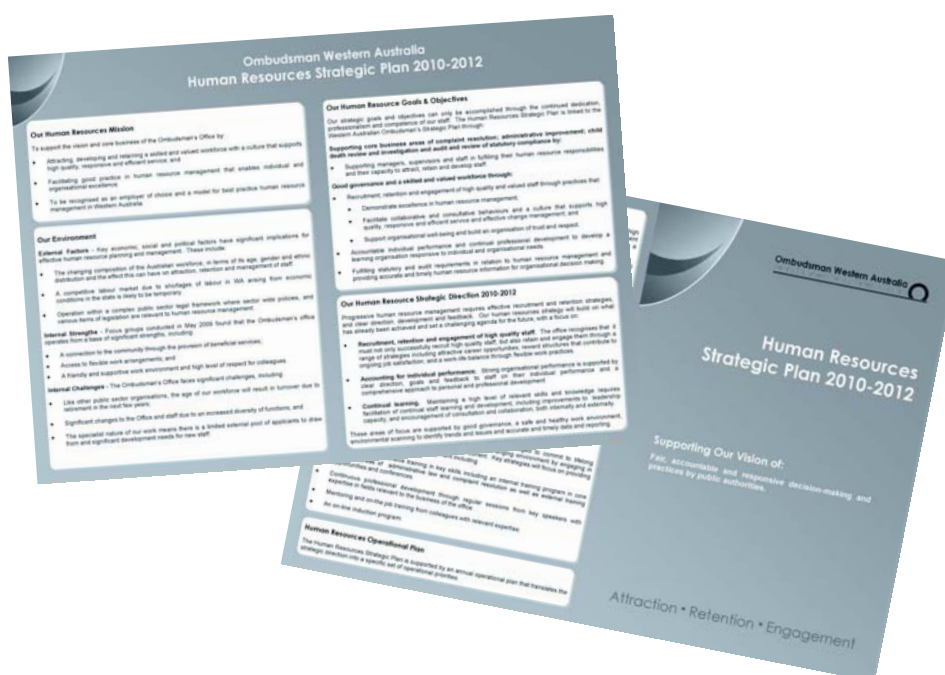
Our HR Mission

To facilitate best practice human resources management that enables individual and organisational excellence.

Our HR Strategic Direction

Over the next two years, the focus of human resources activities at the Ombudsman's office will be on the following three areas:

- Recruitment, retention and engagement of high quality staff;
- Accounting for performance; and
- Continual learning.



Recruitment, Retention and Engagement of High Quality Staff

The Ombudsman's office strives to be recognised as an employer of choice, with positive benefits for staff, such as flexible work options, part-time and job-sharing arrangements being promoted in all job advertisements. Many staff utilise flexible work options, and staff in all areas and at all levels have access to, and use, part-time or purchased leave arrangements.

Accounting for Performance

The office's accountability framework links individual and organisational performance objectives through performance management. The performance management system incorporates identifying expectations as well as performance-based recognition. Managers and staff annually formalise a performance agreement that provides a framework to:

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

Continual Learning

The office provides staff with access to a range of training and development opportunities to assist their continual learning requirements. Staff are given the opportunity to attend internal and external training to improve their skills and knowledge in areas relevant to their work. During the year, the office launched its inaugural *Training and Continuous Professional Development Program*. This provides strategic, targeted training and development in a range of disciplines, often utilising the expertise of senior Ombudsman staff to deliver the sessions. This continual learning direction assists with positioning the Ombudsman's office as an employer of choice.

Governance Disclosures

Governance Disclosures	Disclosures in 2009-10
Ministerial Directives	The Ombudsman reports directly to the Western Australian Parliament and is not under the control of a Minister. Ministers cannot issue directives to the Ombudsman in relation to desired outcomes or operational issues.
Shares in Statutory Authorities	This is not relevant as the Ombudsman's office is not a statutory authority and does not have shares.
Shares in Subsidiary Bodies	This is not relevant as the Ombudsman's office does not have any subsidiary bodies.
Interests in Contracts by Senior Officers	<p>The office's <i>Code of Conduct</i> and <i>Conflict of Interest Policy</i> defines 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.</p> <p>Employees are aware through the <i>Code of Conduct</i> 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 Corporate Executive are asked to declare any interests at each Corporate Executive meeting.</p> <p>In addition, senior staff are aware of the <i>Conflict of Interest Guidelines</i> developed by the Integrity Coordinating Group, of which the Ombudsman is a member.</p> <p>The office's policy on identifying and addressing conflict of interest includes any interest of:</p> <ul style="list-style-type: none"> (a) A senior officer; or (b) A firm of which a senior officer is a member; or (c) An entity in which the senior officer has a substantial financial interest; <p>in any existing or proposed contract made with the Ombudsman's office.</p> <p>There have been no declarations of an interest in any existing or proposed contracts by senior officers.</p>
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 Ombudsman's office does not have any directors as defined in Part 3 of the <u><i>Statutory Corporations (Liability of Directors) Act 1996</i></u>

Other Legal Requirements

Disability Access and Inclusion Plan Outcomes

The office is committed to providing optimum access and service to people with disabilities, their families and carers. The Ombudsman's **Disability Access and Inclusion Plan** includes the following initiatives.

Initiative	Action
People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.	People with a disability have an equal opportunity to participate in consultation, decision making, events, processes, complaints and other services provided by the office. Venues for events and meetings are assessed for suitable access for people with disabilities.
People with disabilities have the same opportunities as others to access the buildings and other facilities of a public authority.	The Ombudsman's office is located within the St Martins Tower, which has access for people with disabilities. This includes a lift to accommodate people in wheelchairs, an accessible toilet on the ground floor, and electronic door openers within the Ombudsman's office area.
People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people.	All office documents are in plain English. Publications are available in alternative formats on request. Information published on the office website can be viewed and printed in alternative formats and TTY phone access is available. The office has provided suitable equipment to enable employees with vision impairments to access electronic information.
People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.	The services provided by the office have been adapted to reduce access barriers for people with disabilities and information is available in various formats on request. Staff awareness of their obligations for dealing with people with disabilities is achieved through disability access awareness training and a DVD for induction of new staff.
People with disabilities have the same opportunities as other people to make complaints to a public authority.	A key role of the Ombudsman's office is to handle complaints about public authorities. 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 of the office and modifying communication strategies, for example, by using a translator where required.
People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.	Staff and members of the public with a disability have an equal opportunity to participate in any consultation process. Most consultation is handled electronically. The website meets disability access requirements. Documents can be made available in alternative formats to meet the needs of people with disabilities.

Advertising and Sponsorship Expenditure

During 2009-10, the office incurred the following expenditure in relation to advertising, market research, polling, direct mail or media advertising that requires disclosure under s.175ZE of the [Electoral Act 1907](#).

Total expenditure was \$21,343 for advertising vacant positions, promoting regional visits and conducting a survey of public authorities for an administrative improvement project.

Category of Expenditure	Total	Company
Advertising agencies	Nil	Nil
Market research organisations	\$17,745	Research Solutions
Polling organisations	Nil	Nil
Direct mail organisations	Nil	Nil
Media advertising organisations	\$3,598	Adcorp

Compliance with Public Sector Standards and Ethical Codes

As a member of the Integrity Coordinating Group, the Ombudsman's office has a strong commitment to promoting integrity in official conduct. The office understands that its good conduct is essential to its reputation, which in turn influences its business activities. The office aspires to lead by example and is committed to achieving high standards of monitoring and ensuring compliance with the *Public Sector Standards*, the *Western Australian Public Sector Code of Ethics* and the office's *Code of Conduct*. The Corporate Executive, which includes the Ombudsman, leads and promotes these guidelines within the office.

The office has policies, formal guidelines, strategies, procedures and processes that support the application of:

- The *WA Public Sector Code of Ethics* and *Code of Conduct*,
- The *Public Sector Standards in Human Resources Management*,
- Part IX of the *Equal Opportunity Act 1984*; and
- A family friendly workplace.

The following table identifies the significant action taken to monitor and ensure compliance and any compliance issues that have arisen in 2009-10 in each of these areas.

Significant Action to Monitor and Ensure Compliance with Public Sector Standards

Managers and staff are required to comply with the *Public Sector Standards in Human Resource Management*. Examples of 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 *Recruitment Selection and Appointment Standard*;
- A review process is in place to ensure that, for acting and secondment positions, a merit-based process is used and there are no inadvertent extensions that result in long-term opportunities without expressions of interest; and
- A monitoring process is in place to ensure there are current performance management processes in place for all employees.

Compliance Issues: Internal checks have shown compliance with the standards is achieved before any final decision. One breach claim relating to the *Recruitment Selection and Appointment Standard* was investigated and resulted in 'no finding.'

Significant Action to Monitor and Ensure Compliance with Western Australian Public Sector Code of Ethics

The *Code of Ethics* is available on the intranet and is part of the induction of 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 *Code of Ethics* and the office's *Code of Conduct*.

The Guidelines are based on the *Accountable and Ethical Decision Making in the WA Public Sector* training materials provided by the Public Sector Commissioner. Ombudsman staff attended this training in July 2009 as part of a public sector wide strategy to improve the awareness and understanding of public sector accountability requirements.

Compliance issues: There has been no evidence of non-compliance with the *Public Sector Code of Ethics*.

Significant Action to Monitor and Ensure Compliance with Ombudsman Western Australia Code of Conduct

During the year, the Ombudsman's office revised its *Code of Conduct* and developed *Guidelines for Ethical and Accountable Decision Making*. The revised *Code of Conduct* 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 Ombudsman's office are required to comply with the spirit of the *Code of Conduct*, which relies on the notion that everyone accepts personal responsibility for their behaviour, such behaviour being what the office would expect of a person employed to serve the interests of the citizens of Western Australia.

Compliance issues: There has been no evidence of non-compliance with the office's *Code of Conduct*. The Ombudsman's office has a *Public Interest Disclosure Policy* and strongly supports disclosures being made by staff. The Ombudsman will take all reasonable steps to provide protection to staff who make such disclosures from any detrimental action in reprisal for making a public interest disclosure. The office provides guidelines to staff wishing to make such disclosures. In 2009-10 there were no public interest disclosures about the activities of the Ombudsman's office.

Corporate Governance Framework

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

Principle 1: Government and public sector relationship (The organisation's relationship with the government is clear)

The Parliamentary Commissioner for Administrative Investigations – more commonly known as 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 Delegations*, 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 is accountable and have clearly defined responsibilities)

The Ombudsman's *Strategic Plan* outlines the office's vision, mission and values, and provides a framework for the strategic direction for 2009 to 2011 with identifiable key measures of success. The office's *Operational Plan* identifies how the key strategies in the *Strategic Plan* will be achieved through a detailed table of key projects, measures and targets.

Chief Executive Officer and statutory delegations and administrative arrangements are set out in the office's *Instruments of Delegations*.

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

The Ombudsman undertakes the role of Energy Ombudsman under a service delivery arrangement with the Energy Industry Ombudsman (Western Australia) Limited (the governing body). The management and oversight arrangements are included in a separate annual report of the Board of the governing body.

The office has an *Internal Audit and Risk Management Charter* and Committee. An external quality assurance review of the Ombudsman's internal audit function has been undertaken to ensure the Ombudsman 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)

The primary decision making forums for the Ombudsman's office are the Executive Team comprising the Ombudsman, Deputy Ombudsman and Assistant Ombudsman, Strategic Services and the Corporate Executive.

The Ombudsman's organisational structure has been created in line with its operations and reflects the office's key strategic direction covering complaint resolution, improved public administration, child death reviews and investigation, audit and review of statutory compliance, good governance and a skilled and valued workforce.

Structural reviews of the office are linked to the *Strategic Plan* and resources are redirected within the structure to respond to workload priorities.

Principle 4: Operations (The organisation plans its operations to achieve its goals)

The Ombudsman's structure, business processes and key performance indicators are linked to the strategic goals and outcomes in the *Strategic Plan*. The key performance indicators and key strategic projects are monitored through monthly reports to the Corporate Executive and are reported in the Annual Report each year.

An *Operational Plan* is developed each year and linked to the *Strategic Plan*. Progress on projects identified in the *Operational Plan* is reported to Corporate Executive monthly and priorities are altered based on strategic and environmental imperatives.

An online *Complaint Handling Toolkit* is available to all investigating staff for the purpose of achieving consistent, efficient and effective complaint handling.

A Child Death Review Advisory Panel has been established to provide independent advice to the Ombudsman. The Panel is an advisory body, separate from the administrative and policy processes of the Ombudsman, and does not review or investigate child death cases. Terms of appointment apply to all panel members.

Principle 5: Ethics and Integrity
(Ethics and integrity are embedded in the organisation's values and operations)

The Ombudsman'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 Ethical and Accountable Decision Making*. Staff are required to sign a *Conduct Agreement* to confirm their understanding of the application of the *Code of Conduct* in the workplace.

As a member of the Integrity Coordinating Group, the Ombudsman's office coordinates activities, fosters consistency in communication and education, and collaborates on shared activities to support integrity throughout the public sector.

As an integrity agency, staff are aware of the *Public Interest Disclosure Act 2003* and the protections that apply. The office has identified Public Interest Disclosure officers who receive public interest disclosure information.

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.

During the year the office implemented a *Human Resources Strategy (the Strategy)* focusing on recruitment, retention and engagement of staff; individual performance and development; and, continual learning. Two initiatives introduced under the Strategy were a training and development program and a new performance management system.

The office has a strong human resource policy framework covering flexible work arrangements, staff development, study assistance and occupational safety and health.

Principle 7: Finance
(The organisation safeguards financial integrity and accountability)

The office produces an annual budget, by team and by function, which is approved by Corporate Executive to ensure that it is in line with the strategic direction of the office.

Financial integrity and accountability is secured through monthly reporting to Corporate Executive.

The Ombudsman also has a *Financial Management Manual*, designed to assist employees to perform their tasks efficiently and effectively by assisting them to become fully conversant with the financial management aspects of the office's operations, and to ensure disruptions to operations are minimised as a result of staff changes.

An Internal Audit and Risk Management Committee reviews an audit of financial management each year against the policies and procedures in the *Financial Management Manual*.

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 Ombudsman's office communicates with its key stakeholders using a range of communication channels, adapted to suit the audience. The office also provides cultural awareness training for all staff.

Communication with external stakeholders occurs through the office's complaint handling service, Regional Awareness and Accessibility Program, workshops, outreach services, advice to public authorities, Integrity Coordinating Group forums, and information on the website. Information about the Ombudsman's office has been translated into 15 languages and is available in other formats as requested.

Monthly whole of staff meetings and separate team meetings provide a forum for sharing information internally. The Joint Consultative Committee has input into office policies and procedures that affect staff, by considering issues and making recommendations to Corporate Executive. The committee is made up of management and staff representatives from within the office.

Policies covering record keeping, records management and communication ensure the office safeguards the confidentiality and integrity of information, preventing unauthorised or false disclosure.

Principle 9: Risk Management (The organisation identifies and manages its risks)

The Ombudsman's office identifies and manages its risk through the development of a *Risk Management Plan* that has been created in line with the office's *Strategic Plan*.

Under the *Risk Management Plan*, additional controls have been identified for significant risks and an action plan with key responsibilities and timeframes has been developed. Progress on the action plan is monitored through reporting to Corporate Executive.

The office also has a *Business Continuity Plan* to ensure it can respond to, and recover from, any business disruption. The *Risk Management Policy* is currently under review following a recent review of the *Risk Management Plan*.

An Audit and Risk Management Committee oversees this function.

Record Keeping Plans

Records Management Framework

The Ombudsman's office is committed to continuously improving record keeping practices consistent with the [State Records Act 2000](#) and aims for best practice record keeping practices. The current office Record Keeping Plan was approved by the State Records Commission for five years in March 2006 and an electronic document records management system (**EDRMS**) called Tower Records Information Management (**TRIM**) was implemented in 2005. The office's Retention and Disposal Schedule was approved in December 2005.

Evaluation and Review of Efficiency and Effectiveness of Systems

During 2009-10, the office's record keeping processes continued to undergo reviews to demonstrate compliance with the framework and a commitment to efficient practices. The reviews showed that current processes are operating effectively and have resulted in ongoing improvements.

Records, Plans and Policies

During the year the office's *Records Management Policy*, *Records Management* and *TRIM User Manual* and *Records File Classification Plan* were reviewed and updated. In addition a one-page summary - available on the office's intranet - defining significant and ephemeral records was produced to assist in maintaining consistency and efficiency in record handling by staff.

In the review of the *File Classification Plan* the areas of administrative improvement, child death review and industry Ombudsman were added to reflect the growth of the office functions.

Offsite Storage and Disposal

The office continues to maintain an off-site storage facility for the storage of all 'significant' complaints files and all other relevant files for the duration of their retention. A regular disposal program is undertaken to ensure ongoing on-site storage capacity.

Electronic Records Management

All incoming, outgoing and significant internal documents are being saved electronically into the EDRMS. Staff are required to save their final electronic documents into the EDRMS. This complements the saving of electronic mail and facsimiles directly into the EDRMS.

The complaints management system, RESOLVE, which was installed in April 2008, continues to perform effectively with TRIM, increasing efficiency with all records created in RESOLVE saved automatically into the EDRMS.

Induction and Training

The Coordinator Records Management conducts individual training sessions with new staff members within the first week of arrival. Follow-up training and help desk assistance are provided as required. A short instruction leaflet was produced and the *Records Management* and *TRIM User Manual* was updated to assist staff to comply with their record keeping requirements.

Government Policy Requirements

Substantive Equality

The Ombudsman's office does not currently have obligations under the Substantive Equality Framework as it is not a member of the Strategic Management Council. However, the office is committed to the objectives 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 client groups.

The office understands the importance of appropriate service delivery for people from diverse backgrounds. To ensure that services provided by the Ombudsman's office are as accessible as possible, information

on how to make a complaint to the Ombudsman was translated into 15 languages and is featured on the homepage of the office's website. All publications are available in alternative formats on request. Information published on the office website can be viewed and printed in alternative formats and TTY phone access is available for people with hearing impairment. The office also provides interpreter and translation services to people whose first language is not English.

The office has reviewed and updated its *Equal Employment Opportunity/Diversity Management Plan*.

Occupational Safety and Health

Commitment to Occupational Safety, Health and Injury Management

The Ombudsman's 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:

- Managing and reporting workplace hazards, incidents and injuries;
- Safe work practices;
- Injury management, including a Return to Work Program that extends to non-work related injuries;
- Emergency procedures; and
- General employee health and wellbeing, including an Employee Assistance Program.

All employees and contractors are made aware of their OSH responsibilities through access to OSH information at induction. The office's policies and guidelines are accessible to employees through the intranet.

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 on OSH matters include:

- Management and staff are represented on a committee comprised of independent agencies co-located with the Ombudsman at St Martins Tower (**Co-located Committee**) that meets regularly and incorporates OSH as a standing item;
- A Joint Consultative Committee; and
- Dissemination of information and discussion at whole of staff monthly meetings.

Statement of Compliance

The Ombudsman's 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.

As part of this approach, the Ombudsman's 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.

Self Evaluation

An annual audit of the Ombudsman's OSH systems was conducted internally in 2009 against the elements of the WorkSafe Plan. The results of the audit were used to develop an OSH framework that was endorsed by the Joint Consultative Committee and approved by Corporate Executive in June 2009.

A review of the office's emergency procedures for dealing with unreasonable complainants was undertaken as a result of an incident in October 2009. Recommendations to strengthen the office's security policy and procedures were discussed at the Co-located Committee meeting. As a result, new safety procedures and modifications to improve staff safety have been implemented.

Initiatives for 2010-11 include undertaking an external accredited assessment of the Ombudsman's OSH management systems.

Annual Performance

The Ombudsman's office OSH statistics for 2009-10 are shown below.

Occupational Safety and Health Statistics	2009-10 Target	2009-10 Actual
Number of fatalities	0	Target achieved, 0
Lost time injury/diseases (LTI/D) incidence rate	0	Target achieved, 0
Lost time injury severity rate	0	Target achieved, 0
Percentage of injured workers returned to work within 28 weeks	Actual % result	No injured workers during the period
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	Achieved, 60% of managers trained in OSH and injury management responsibilities

The office has achieved targets for the past two consecutive years.