

AUSTRALIAN COMMISSION FOR LAW ENFORCEMENT INTEGRITY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

ACLEI's strategic purpose – through performance of functions prescribed by the *Law Enforcement Integrity Commissioner Act 2006* – is to make it more difficult for corruption to occur or remain undetected in designated Australian Government law enforcement agencies.

In a large and complex jurisdiction, ACLEI's strategy is to prioritise its detection, disruption and deterrence efforts against high-impact risk themes – those areas of administration, regulation or law enforcement activity that would be significantly undermined if corruption were to become established. Current themes include protecting the integrity of Australia's biosecurity arrangements, visa system, international cargo clearance processing, anti-money laundering protections, and drug law enforcement programs.

A continuing focus for ACLEI in 2017-18 is its 'proactive' posture – those internal and external arrangements that emphasise strategic intelligence collection, analysis and dissemination to partner agencies. This program seeks to detect vulnerabilities in government agency systems and operating environments, as well as indications of corrupt conduct, to inform measures that may harden agencies against 'insider threat' compromise.

A strong, specialised investigation capability is an important part of delivering this strategy. Accordingly, ACLEI and the Australian Federal Police will continue their joint arrangement in Sydney to investigate corruption-enabled border crime. This joint arrangement complements ACLEI's other investigation work, based in Canberra, and provides greater flexibility in how matters can be dealt with.

The Integrity Commissioner's statutory coercive powers – to hold compulsory hearings and obtain documents – remain a central means by which ACLEI gathers evidence to uncover corrupt dealings. ACLEI will continue to strengthen this area of its practice in 2017-18, to respond to additional information coming forward under the proactive program.

Some decreases in average staffing level are forecast across the forward estimates, primarily as temporary budget measures terminate. An external review of ACLEI's resource needs is expected in 2018-19.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to ACLEI for its operations and to deliver programs and services on behalf of the government.

Table 1.1 is prepared on a resourcing (that is, appropriations and cash available) basis, while the outcome expenses table in section 2 and the financial statements in section 3 are prepared on an accrual basis.

Table 1.1: Entity resource statement—Budget estimates for 2017–18 as at Budget May 2017

	2016–17 Estimated actual \$'000	2017–18 Estimate \$'000
DEPARTMENTAL		
Annual appropriations—ordinary annual services(a)		
Prior year appropriations available(b)	4,687	4,135
Departmental appropriation(c)	10,799	10,717
Section 74 retained revenue receipts(d)	575	575
Departmental capital budget(e)	–	329
Total net resourcing for entity	16,061	15,756
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	2016–17	2017–18
Average staffing level (number)	50	49

Prepared on a resourcing (that is, appropriations and cash available) basis.

Note: All figures are GST exclusive and may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2017–18.

(b) Excludes \$0.411m subject to administrative quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Excludes the departmental capital budget.

(d) Estimated retained revenue receipts under section 74 of the PGPA Act.

(e) Departmental capital budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. See Table 3.5 for further details. For accounting purposes, this amount is designated as 'contributions by owners'.

1.3 BUDGET MEASURES

Measures announced in the 2016–17 Mid-Year Economic and Fiscal Outlook (MYEFO) and other measures not previously reported in a portfolio statement are summarised in Part 2 of Table 1.2.

Table 1.2: Entity 2017–18 Budget measures

Part 1: Measures announced since the 2016–17 MYEFO

ACLEI has no new post-MYEFO measures.

Part 2: MYEFO measures and other measures not previously reported in a portfolio statement

	Program	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
Expense measures						
Public Sector Transformation and the Efficiency Dividend(a)	1.1					
Departmental expenses		–	(165)	(274)	(327)	(104)
Total expense measures		–	(165)	(274)	(327)	(104)
Capital measures						
Public Sector Transformation and the Efficiency Dividend(a)	1.1					
Departmental capital		–	(5)	(9)	(10)	(3)
Total capital measures		–	(5)	(9)	(10)	(3)

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds, and figures displayed as a positive represent an increase in funds.

(a) This is a cross-portfolio measure that was published in the 2016–17 Budget. The lead entity is the Department of Finance.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs that contribute to government outcomes over the budget and forward years.

ACLEI's outcome is described below together with its related program.

Note

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in annual reports – to provide an entity's complete performance story.

The most recent corporate plan for ACLEI can be found at <https://www.aclei.gov.au/about/corporate-information>.

The most recent annual performance statement can be found at <https://www.aclei.gov.au/about/corporate-information/annual-reports>.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Independent assurance to the Australian Government that Commonwealth law enforcement agencies and their staff act with integrity by detecting, investigating and preventing corruption

Budgeted expenses for Outcome 1

Table 2.1 shows how much ACLEI intends to spend (on an accrual basis) on achieving Outcome 1, broken down by program and by departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
Program 1.1: Detect, investigate and prevent corruption in prescribed law enforcement agencies; assist law enforcement agencies to maintain and improve the integrity of staff members					
Departmental expenses					
Departmental appropriation	10,799	10,717	10,620	10,517	10,589
s 74 retained revenue receipts(a)	575	575	575	–	–
Expenses not requiring appropriation in the budget year(b)	794	625	625	625	625
Total expenses for Outcome 1	12,168	11,917	11,820	11,142	11,214

	2016–17	2017–18
Average staffing level (number)	50	49

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

(b) Expenses not requiring appropriation in the budget year are made up of depreciation and amortisation expenses and resources received free of charge such as audit fees.

Performance criteria for Outcome 1

Table 2.2 details the performance criteria for the program associated with Outcome 1. It also summarises how the program is delivered.

Table 2.2: Performance criteria for Outcome 1

Outcome 1: Independent assurance to the Australian Government that Commonwealth law enforcement agencies and their staff act with integrity by detecting, investigating and preventing corruption		
Program 1.1: Detect, investigate and prevent corruption in prescribed law enforcement agencies; assist law enforcement agencies to maintain and improve the integrity of staff members		
Delivery	Working with partners to detect, disrupt and deter corrupt conduct, ACLEI will deliver an effective and fair anti-corruption capability that addresses corruption risk, holds individuals to account, and adds value to the law enforcement integrity system. Since ACLEI's operating environment involves high inherent risks, ACLEI will maintain an internal focus on ethical leadership, strong governance and active risk management.	
Performance information		
Year	Performance criteria	Targets
2016–17	ACLEI expects to achieve the performance criteria described in the 2016–17 Portfolio Budget Statements. The 2016–17 performance criteria and targets are the same as for 2017–18.	Overall, ACLEI is on track to meet its qualitative performance measures. ACLEI is working closely with jurisdiction agencies to ensure information about corruption is notified in a timely way.
2017–18	<p>1. The corruption notification and referral system is effective.</p> <p>2. ACLEI's investigations are conducted professionally and efficiently, and add value to the law enforcement integrity system.</p>	<p>1.1 Law enforcement agencies notify ACLEI of corruption issues and related information in a timely way.</p> <p>1.2 Other agencies or individuals provide information about corruption issues, risks and vulnerabilities to ACLEI.</p> <p>1.3 Partner agencies indicate confidence in sharing information or intelligence with ACLEI.</p> <p>1.4 ACLEI prioritises credible information about serious or systemic corruption.</p> <p>1.5 ACLEI supports awareness-raising activities in agencies within the Integrity Commissioner's jurisdiction, including by participating in joint initiatives.</p> <p>2.1 Each investigation considers corruption risk and the broader impact on law enforcement outcomes.</p> <p>2.2 Operational resources are actively managed and targeted for maximum effect.</p> <p>2.3 Risks relating to the operating context of law enforcement agencies are taken into account and, in appropriate circumstances, mitigation strategies are agreed with the agency concerned.</p>

Table 2.2: Performance criteria for Outcome 1 (continued)

Program 1.1: Detect, investigate and prevent corruption in prescribed law enforcement agencies; assist law enforcement agencies to maintain and improve the integrity of staff members (continued)		
Performance information		
Year	Performance criteria	Targets
2017–18 (continued)	<p>3. ACLEI monitors corruption investigations conducted by law enforcement agencies.</p> <p>4. ACLEI insights contribute to accountability and anti-corruption policy development.</p> <p>5. ACLEI's governance and risk management controls are effective and take account of its operational role.</p>	<p>3.1 All agency corruption investigation reports provided to ACLEI for review are assessed for intelligence value and completeness.</p> <p>3.2 ACLEI liaises regularly with the agencies' professional standards units about the progress of agency investigations.</p> <p>4.1 When warranted, the Integrity Commissioner makes recommendations for improvement in corruption prevention or detection measures.</p> <p>4.2 Submissions that relate to corruption prevention or enhancing integrity arrangements are made to government or in other relevant forums.</p> <p>4.3 Targeted presentations about integrity are made to diverse audiences.</p> <p>4.4 The Integrity Commissioner's annual report or other publications contain analysis of patterns and trends in law enforcement corruption.</p> <p>5.1 Systems are in place to ensure ACLEI officers act ethically, comply with legislative requirements and adhere to standards set by the Integrity Commissioner.</p> <p>5.2 Regular reviews and audits indicate effective governance, risk management and integrity.</p>
2018–19 and beyond	Same as for 2017–18, noting that a review of ACLEI's jurisdiction and resource requirements will inform the 2019–20 Budget.	Same as for 2017–18.
Purpose	ACLEI's strategic purpose—through performance of functions prescribed by the <i>Law Enforcement Integrity Commissioner Act 2006</i> —is to make it more difficult for corruption in designated Australian Government law enforcement agencies to occur or remain undetected.	

Section 3: Budgeted financial statements

This section presents budgeted financial statements that provide a comprehensive snapshot of entity finances for the 2017–18 Budget year, including the impact of budget measures and resourcing.

3.1 DIFFERENCES BETWEEN ENTITY RESOURCING AND FINANCIAL STATEMENTS

There is no material difference between the entity resourcing and financial statements.

3.2 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

ACLEI has budgeted for an operating deficit of \$0.560m in 2017–18. The deficit is equal to the estimated depreciation and amortisation expenses in 2017–18. Depreciation and amortisation expenses are not funded. Total expenses for 2017–18 are estimated at \$11.917m, comprising \$6.828m in employee expenses, \$4.524m in payments to suppliers, \$0.005m in finance costs and \$0.560m in depreciation and amortisation expenses.

ACLEI's revenue from government for 2017–18 is \$10.717m and additional section 74 receipts of \$0.575m.

ACLEI will also be provided a departmental capital budget of \$0.329m in 2017–18, primarily for the replacement of equipment.

3.3 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
EXPENSES					
Employee benefits	6,960	6,828	6,831	6,260	6,503
Suppliers	4,643	4,524	4,424	4,317	4,146
Depreciation and amortisation	560	560	560	560	560
Finance costs	5	5	5	5	5
Total expenses	12,168	11,917	11,820	11,142	11,214
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	575	575	575	–	–
Total own-source revenue	575	575	575	–	–
Gains					
Other	234	65	65	65	65
Total gains	234	65	65	65	65
Total own-source income	809	640	640	65	65
Net (cost of)/contribution by services	(11,359)	(11,277)	(11,180)	(11,077)	(11,149)
Revenue from government	10,799	10,717	10,620	10,517	10,589
Surplus/(deficit) attributable to the Australian Government	(560)	(560)	(560)	(560)	(560)
Total comprehensive income/(loss) attributable to the Australian Government	(560)	(560)	(560)	(560)	(560)

Note: Impact of net cash appropriation arrangements

	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	–	–	–	–	–
Less depreciation/amortisation expenses previously funded through revenue appropriations	560	560	560	560	560
Total comprehensive income/(loss) as per the statement of comprehensive income	(560)	(560)	(560)	(560)	(560)

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	62	62	62	62	62
Trade and other receivables	4,233	4,326	4,420	4,420	4,420
Total financial assets	4,295	4,388	4,482	4,482	4,482
Non-financial assets					
Land and buildings	1,578	1,376	1,174	972	770
Property, plant and equipment	497	468	493	520	548
Intangibles	–	–	108	54	–
Other non-financial assets	1,185	1,041	897	753	609
Total non-financial assets	3,260	2,885	2,672	2,299	1,927
Total assets	7,555	7,273	7,154	6,781	6,409
LIABILITIES					
Payables					
Suppliers	503	503	503	503	503
Other payables	1,135	986	837	688	539
Total payables	1,638	1,489	1,340	1,191	1,042
Provisions					
Employee provisions	1,598	1,691	1,785	1,785	1,785
Other provisions	260	265	270	275	280
Total provisions	1,858	1,956	2,055	2,060	2,065
Total liabilities	3,496	3,445	3,395	3,251	3,107
Net assets	4,059	3,828	3,759	3,530	3,302
EQUITY					
Parent entity interest					
Contributed equity	3,435	3,764	4,255	4,586	4,918
Reserves	1,110	1,110	1,110	1,110	1,110
Retained surplus/(accumulated deficit)	(486)	(1,046)	(1,606)	(2,166)	(2,726)
Total parent entity interest	4,059	3,828	3,759	3,530	3,302
Total equity	4,059	3,828	3,759	3,530	3,302

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity—summary of movement (budget year 2017–18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	(486)	1,110	3,435	4,059
Adjustment for changes in accounting policies	–	–	–	–
Adjusted opening balance	(486)	1,110	3,435	4,059
Comprehensive income				
Surplus/(deficit) for the period	(560)	–	–	(560)
Total comprehensive income	(560)	–	–	(560)
Of which:				
Attributable to the Australian Government	(560)	–	–	(560)
Transactions with owners				
Contributions by owners				
Departmental capital budget	–	–	329	329
Sub-total transactions with owners	–	–	329	329
Estimated closing balance as at 30 June 2018	(1,046)	1,110	3,764	3,828
Closing balance attributable to the Australian Government	(1,046)	1,110	3,764	3,828

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	10,706	10,767	10,669	10,661	10,589
Sale of goods and rendering of services	575	575	575	–	–
Total cash received	11,281	11,342	11,244	10,661	10,589
Cash used					
Employees	6,907	6,775	6,777	6,260	6,503
Suppliers	4,374	4,567	4,467	4,401	4,086
Total cash used	11,281	11,342	11,244	10,661	10,589
Net cash from/(used by) operating activities	–	–	–	–	–
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	798	329	491	331	332
Total cash used	798	329	491	331	332
Net cash from/(used by) investing activities	(798)	(329)	(491)	(331)	(332)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	798	329	491	331	332
Total cash received	798	329	491	331	332
Net cash from/(used by) financing activities	798	329	491	331	332
Net increase/(decrease) in cash held	–	–	–	–	–
Cash and cash equivalents at the beginning of the reporting period	62	62	62	62	62
Cash and cash equivalents at the end of the reporting period	62	62	62	62	62

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget—Bill 1 (DCB)	–	329	329	331	332
Equity injections—Bill 2	–	–	162	–	–
Total new capital appropriations	–	329	491	331	332
Provided for:					
Purchase of non-financial assets	–	329	491	331	332
Total items	–	329	491	331	332
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations(a)	510	–	162	–	–
Funded by capital appropriation—DCB(b)	288	329	329	331	332
Total purchases of non-financial assets	798	329	491	331	332
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	798	329	491	331	332
Total cash used to acquire assets	798	329	491	331	332

Prepared on Australian Accounting Standards basis.

DCB = departmental capital budget.

(a) Includes both current Bill 2 and prior year Act 2, 4 and 6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' DCBs.

Table 3.6: Statement of asset movements (budget year 2017–18)

	Buildings \$'000	Other property, plant & equipment \$'000	Computer software & intangibles \$'000	Total \$'000
As at 1 July 2017				
Gross book value	1,781	1,044	82	2,907
Accumulated depreciation/amortisation and impairment	(203)	(547)	(82)	(832)
Opening net book balance	1,578	497	–	2,075
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase—appropriation ordinary annual services(a)	–	329	–	329
Total additions	–	329	–	329
Other movements				
Depreciation/amortisation expense	(202)	(358)	–	(560)
Total other movements	(202)	(358)	–	(560)
As at 30 June 2018				
Gross book value	1,781	1,373	82	3,236
Accumulated depreciation/amortisation and impairment	(405)	(905)	(82)	(1,392)
Closing net book balance	1,376	468	–	1,844

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2017–18 for depreciation and amortisation expenses, departmental capital budgets or other operational expenses.