



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Director Office for Public Integrity

Opinion

I have audited the financial report of Office for Public Integrity for the period 7 October 2021 to 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Office for Public Integrity as at 30 June 2022, its financial performance and its cash flows for the period then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the period 7 October 2021 to 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the period 7 October 2021 to 30 June 2022
- a Statement of Cash Flows for the period 7 October 2021 to 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Director and the Executive Director, Finance, People and Performance, Attorney-General's Department.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Office for Public Integrity. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Director for the financial report

The Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards – Simplified Reporting Requirements, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Director is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Director is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Office for Public Integrity for the period 7 October 2021 to 30 June 2022.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office for Public Integrity's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director
- conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Director about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

30 September 2022

Office for Public Integrity

Financial Statements

For the period 7 October 2021 to 30 June 2022

We certify that the:

- financial statements of the Office for Public Integrity (OPI):
 - are in accordance with the accounts and records of the OPI;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the OPI at the end of the financial year and the result of its operation and cash flows for the period 7 October 2021 to 30 June 2022.
- internal controls employed by the OPI for the financial year over its financial reporting and its preparation of financial statements have been effective.



Andrew Swanson
Executive Director, Finance People and Performance
29 September 2022



Emma Townsend
Director, Office for Public Integrity
29 September 2022

Office for Public Integrity
Statement of Comprehensive Income
for the period 7 October 2021 to 30 June 2022

	Note	2022 \$'000
Income		
SA Government grants, subsidies and transfers	2.1	1 486
Resources received free of charge	2.2	19
Total income		<u>1 505</u>
Expenses		
Employee benefits expenses	3.2	1 280
Supplies and services	4.1	443
Depreciation	5.1	4
Other expenses	4.2	40
Total expenses		<u>1 767</u>
Net result		<u>(262)</u>
Total comprehensive result		<u><u>(262)</u></u>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

Office for Public Integrity
Statement of Financial Position
As at 30 June 2022

	Note	2022 \$'000
Current assets		
Cash and cash equivalents	6.1	54
Receivables	6.2	<u>7</u>
Total current assets		<u>61</u>
Non-current assets		
Property, plant and equipment	5.1	<u>154</u>
Total non-current assets		<u>154</u>
Total assets		<u>215</u>
Current liabilities		
Payables	7.1	162
Employee benefits	3.3	<u>130</u>
Total current liabilities		<u>292</u>
Non-current liabilities		
Payables	7.1	16
Employee benefits	3.3	<u>169</u>
Total non-current liabilities		<u>185</u>
Total liabilities		<u>477</u>
Net assets		<u><u>(262)</u></u>
Equity		
Retained earnings		<u>(262)</u>
Total equity		<u><u>(262)</u></u>

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Office for Public Integrity
Statement of Changes in Equity
for the period 7 October 2021 to 30 June 2022

	Retained earnings \$'000	Total equity \$'000
Balance at 7 October 2021	-	-
Net result for 2021-22	(262)	(262)
Total comprehensive result for 2021-22	(262)	(262)
Balance at 30 June 2022	(262)	(262)

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Office for Public Integrity
Statement of Cash Flows
for the period 7 October 2021 to 30 June 2022

	Note	2022 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash inflows		
SA Government grants subsidies and transfers		1 486
Cash generated from operations		<u>1 486</u>
Cash outflows		
Employee benefits payments		(1 176)
Payments for supplies and services		(396)
Other expenses		(19)
Cash used in operations		<u>(1 591)</u>
Net cash provided by operating activities		<u>(105)</u>
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment		(85)
Cash used in investing activities		<u>(85)</u>
Net cash used in investing activities		<u>(85)</u>
Cash flows from financing activities		
Cash inflows		
Cash received from restructuring activities		244
Cash generated from financing activities		<u>244</u>
Net cash provided by financing activities		<u>244</u>
Net increase in cash and cash equivalents		<u>54</u>
Cash and cash equivalents at the beginning of the reporting period		-
Cash and cash equivalents at the end of the reporting period	6.1	<u><u>54</u></u>

The accompanying notes form part of these financial statements.

Office for Public Integrity

Notes to and forming part of the financial statements

for the period 7 October 2021 to 30 June 2022

1. About the Office for Public Integrity

The Office for Public Integrity (OPI) is a not-for-profit independent office established under Part 3 of the *Independent Commission Against Corruption Act 2012* (ICAC Act).

As a result of amendments to the ICAC Act in October 2021, and although OPI continued in existence, it did so as a separate entity for financial reporting purposes from 7 October 2021. Relevant assets, rights and liabilities were transferred from the Independent Commission Against Corruption (ICAC) to OPI, effective 7 October 2021 (refer to note 1.3 for details).

Section 45 of the ICAC Act states that the Director of OPI must before 30 September in each year, prepare a report on the operations of OPI.

OPI does not control any other entity and has no interests in unconsolidated structure entities. OPI has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

1.1. Basis of Preparation

These financial statements are general purpose financial statements prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards applying simplified disclosures.

The financial statements have been prepared based on the period 7 October 2021 to 30 June 2022 and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

All financial assets and financial liabilities are measured at amortised cost.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out throughout the notes.

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST).

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as OPI is a member of an approved GST group of which the Attorney-General's Department is responsible for the remittance and collection of GST.

Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis.

Office for Public Integrity
Notes to and forming part of the financial statements
for the period 7 October 2021 to 30 June 2022

1.2. Objectives and programs

OPI exercises its responsibilities based on the following legislation:

- ICAC Act 2012;
- *Police Complaints and Discipline Act 2016 and Regulations*;
- *Public Interest Disclosure Act 2018 (PID Act)*.

OPI's responsibilities include:

- handling complaints about public administration from members of the public;
- handling reports about corruption, misconduct and maladministration in public administration from public officers and authorities;
- referring complaints and reports to inquiry agencies, law enforcement agencies, public authorities or public officers for further investigation or action when needed, such as:
 - Ombudsman SA;
 - ICAC;
 - Judicial Conduct Commissioner;
 - Chief Executives of Government Departments;
 - SA Police.
- overseeing the assessment and investigation of complaints and reports about the conduct of SA Police Officers and other functions pursuant to section 8 of the *Police Complaints and Discipline Act 2016*.

OPI also has responsibility for overseeing public interest disclosures and receives disclosures of public interest information under the PID Act.

1.3. Net assets received from an Administrative Restructure

On 7 October 2021, OPI became a separate reporting entity.

As a result of amendments to the ICAC Act and as per the *Public Sector (Reorganisation of Public Sector Operations – Office for Public Integrity) Notice 2021* (contained in the South Australian Government Supplementary Gazette No 65 dated 6 October 2021), 18 staff were transferred from the Commission to the OPI. The following assets and liabilities were transferred from the Commission to the OPI:

Transferred in

	Total \$'000
Cash and cash equivalents	244
Property, plant and equipment	14
Total assets	258
Employee entitlements	230
Payables	28
Total liabilities	258
Total net assets received	-

Office for Public Integrity
Notes to and forming part of the financial statements
for the period 7 October 2021 to 30 June 2022

1.4. Impact of COVID-19 pandemic on the OPI

There has been no material impact on the operations of OPI due to the COVID-19 pandemic.

2. Income

2.1. SA Government grants, subsidies and transfers

SA Government transfers are recognised on receipt. SA Government transfers consist of \$1.486 million for operational funding.

2.2. Resources received free of charge

	2022
	\$'000
Resources received free of charge - Shared Services SA	<u>19</u>
Total resources received free of charge	<u>19</u>

Contribution of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated.

OPI receives Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA.

Office for Public Integrity
Notes to and forming part of the financial statements
for the period 7 October 2021 to 30 June 2022

3. Employee related expenses

3.1. Key Management Personnel

The key management personnel of OPI is the Director OPI who has responsibility for the strategic direction and management of OPI. OPI is independent and accountable to the South Australian Parliament.

Total compensation for key management personnel was \$184 000 which includes both acting Director and current Director

Transactions with Key Management Personnel and other related parties

Related parties of OPI include the key management personnel and their close family members. There are no other transactions or balances to disclose with key management personnel or related parties.

3.2. Employee Benefit Expenses

	2022
	\$'000
Salaries and wages	957
Employment on-costs - superannuation	107
Long service leave	81
Annual leave	73
Employment on-costs - other	59
Skills and experience retention leave	3
Total employee benefits expenses	<u>1 280</u>

Employment on-costs – superannuation

The superannuation employment on-cost charge represents OPI's contributions to superannuation plans in respect of current services of current employees.

Employee remuneration

In 2021-22 there were no employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year.

Office for Public Integrity
Notes to and forming part of the financial statements
for the period 7 October 2021 to 30 June 2022

3.3. Employee Benefits Liability

	2022
	\$'000
Current	
Annual leave	118
Long service leave	11
Skills and experience retention leave	1
Total current employee benefits	130
Non-current	
Long service leave	169
Total non-current employee benefits	169
Total employee benefits liability	299

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

Salary inflation rate for annual leave and SERL liability was 1.5%.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

AASB 119 *Employee Benefits* contains the calculation methodology for the long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance (DTF) has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds for 2022 is 3.5%.

The actuarial assessment performed by DTF applied a salary inflation rate of 2.5% for the long service leave liability.

The non-current portion of long service leave reflects the estimate of leave to be taken in greater than 12 months.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$35 000 and employee benefits expense of \$35 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

Office for Public Integrity
Notes to and forming part of the financial statements
for the period 7 October 2021 to 30 June 2022

4. Expenses

4.1. Supplies and Services

	2022
	\$'000
Accommodation	349
General administrative expense	16
Information technology and communications charges	16
Marketing information	22
Consultants	7
Other supplies and services	33
Total supplies and services	443

Consultants

The number of consultancies and dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands

	2022	2022
	Number	\$'000
Below \$10 000	1	7
Total	1	7

4.2. Other expenses

Other expenses include audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$21 000. No other services were provided by the Auditor General's Department.

Office for Public Integrity
Notes to and forming part of the financial statements
for the period 7 October 2021 to 30 June 2022

5. Non-financial assets

5.1. Property, plant and equipment

Property, plant and equipment owned by OPI with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by OPI is recorded at fair value.

Impairment

There were no indications of impairment on OPI's owned plant and equipment.

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 7 October 2021	-	-	-
Additions	144	-	144
Transferred in from restructure	-	14	14
Subtotal	144	14	158
Losses for the period recognised in net result:			
Depreciation	-	(4)	(4)
Subtotal	-	(4)	(4)
Carrying amount at 30 June 2022	144	10	154
Gross carrying amount			
Gross carrying amount	144	73	217
Accumulated depreciation	-	(63)	(63)
Carrying amount at the end of the period	144	10	154

Office for Public Integrity
Notes to and forming part of the financial statements
for the period 7 October 2021 to 30 June 2022

6. Financial Assets

6.1. Cash

	2022
	\$'000
Deposits with the Treasurer	54
Total cash and cash equivalents	54

Deposits with the Treasurer are non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

6.2. Receivables

	2022
	\$'000
Current	
Prepayments	7
Total receivables	7

Prepayments are non-interest bearing.

7. Liabilities

7.1. Payables

	2022
	\$'000
Current	
Accrued expenses	84
Creditors	59
Employment on-costs	19
Total current payables	162
Non-current	
Employment on-costs	16
Total non-current payables	16
Total payables	178

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged.

OPI makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the superannuation schemes.

In the actuarial assessment performed by DTF, the portion of long service leave taken as leave is 42% and the average factor for the calculation of employer superannuation cost on-costs is 10.6%. These rates are used in the employment on-cost calculation.

8. Outlook

8.1. Unrecognised contractual commitments

There are no material commitments as at 30 June 2022.

8.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

OPI is not aware of any contingent assets or liabilities at reporting date.

8.3. COVID-19 pandemic outlook for the OPI

OPI does not expect any material impacts as a result of the COVID-19 pandemic in 2022-23.

8.4. Events after the reporting period

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.