

Management and accountability



Corporate Governance

The corporate governance practices in place for the office reflect its relatively small size and specialist function.

In addition to regular planning processes in relation to resource and personnel management, senior members of staff meet each week to review operational priorities.

The office has the advantage of being readily able to hold an 'all-staff' meeting each month. This meeting includes consideration of office performance against the range of activities in which it is involved, forward planning, security, risk management, and health and safety.

Organisational structure

The staffing level in the office increased from nine to 12 during the reporting period.

The increase in the size of the office has allowed me to trial a new organisational structure, in which the number of Principal Review and Investigations Officers (i.e. Executive Level 2s) has increased by one.

The tasks being allocated to OIGIS staff are, as a consequence of this new structure, more thematically based rather than being fixed to either our complaint handling or inspection functions in any particular AIC agency.

The small size of the office lends itself to a collegiate approach to dealing with the workload of the office and workplace issues more generally.

During 2008-09 senior positions within the office were filled as follows:

- Inspector-General of Intelligence and Security
 - Mr Ian Carnell
- Principal Review and Investigations Officers
 - Mr Neville Bryan PSM
 - Ms Sharon Dean (from 19 March 2009)
 - Ms Rachael Spalding

The remaining staffing complement included six Executive Level 1 and APS 6 Review and Investigations Officers, one Office Accountant, one Personal Assistant to the Inspector-General and Office Manager, and one Administration Officer.

Senior management responsibilities and committees

I considered whether it would be beneficial for me to create a new senior management committee during the reporting period, but decided that it was sufficient (given my office's small size) to instead continue the practice of holding a regular weekly meeting with my three senior managers to discuss operational planning issues.

Corporate and operational planning

As mentioned in my previous annual report, I took the opportunity in 2007-08 to bring a greater level of structure and formality to the office's corporate and operational planning activities.⁶⁰

I continued this practice in 2008-09, as drawing together the full range of activities undertaken by the office and according each a relative priority has proven to be a useful mechanism for optimising productivity across the many and varied activities of the office.

Further details of OIGIS forward plans are available in the 'The Year 2009-10 in Prospect' chapter of this report.

Internal audit and risk management

The office has an Audit Committee which is chaired by me and which also includes an external member from the Department of the Prime Minister and Cabinet (PMC). From 2009-10 the Committee will include a second external member from the Attorney-General's Department.

The Committee meets on a periodic basis to consider corporate governance issues including financial compliance, internal and external audit findings, fraud and risk management, occupational health and safety, and significant financial issues.

The Committee reviews the Risk Management Plan on an annual basis and makes amendments as required. The Committee also reviews the office's risk performance over the previous twelve months.

The Risk Management Plan includes controls designed to mitigate risks including in the following risk categories:

- personnel related
 - departure or absence of key staff with little notice (e.g. through illness or injury)
 - accidental or intentional loss of information
 - segregation of duties
- failure or compromise of information technology systems
- physical security of the office and facilities
- corporate liability
- fraud prevention, detection and management, and
- corporate compliance requirements

Through its various mitigation strategies, the residual risk accepted by the office is maintained within the low-medium levels in each of the six categories listed above.

Ethical standards and fraud control

While the Risk Management Plan is comprehensive in that it includes fraud prevention, detection and management, the office also maintains a separate fraud control plan which explores in greater detail risks of that type and how they are dealt with.

I can certify that my office has undertaken a fraud risk assessment and has a fraud control plan, both of which are reviewed periodically. I can further certify that appropriate fraud prevention, detection, investigation and reporting procedures are in place, and that the office has responded to the annual survey for fraud control data.

Remuneration of SES Officers

The office does not employ any senior executive service officers and, therefore, has no internal policies on how the nature and amount of remuneration for such officers is determined.

⁶⁰ OIGIS Annual Report 2007-2008, p.71.

Efficiency dividend

As I mentioned in the 'Parliament and Legislation' chapter of this report, I took a keen interest during the reporting period in the debate on the impact of the efficiency dividend on small public sector agencies.

Since the late 1980s there has been an annual 'efficiency dividend' applied to the operational appropriations of Commonwealth public sector agencies. The rationale for this dividend is to provide an incentive to agencies to identify efficiencies on an ongoing basis.

The debate was initiated on 6 June 2008, when the Chair of the Public Accounts Committee, Ms Sharon Grierson MP, announced that the Committee would inquire into whether small agencies were impacted disproportionately by the imposition of the efficiency dividend.⁶¹

Being the head of a small Commonwealth agency I decided that it was appropriate for me to lodge a submission with the committee, which I did on 3 July 2008.⁶²

In my submission I indicated that the size of my office and the nature of the activities it undertakes, limits significantly the opportunities to reduce expenditure without limiting the range of activities that are undertaken.

In short, I observed that the across-the-board reduction often has a disproportionate impact on smaller agencies which are less well able to absorb the reduction and are often left without alternative but to reduce output. There are simply not the flexibilities, including through the new policy proposal process, which are available to larger entities.

I also indicated in my submission that my office had absorbed the efficiency dividend to date, largely as a consequence of unintended delays in recruitment, but I anticipate that the ability to continue to absorb reductions is severely limited.

61 See <<http://www.aph.gov.au/house/committee/jpaa.efficdiv/tor.htm>> (accessed 5 August 2009).

62 See <<http://www.aph.gov.au/house/committee/jpaa.efficdiv/subs/sub24.pdf>> (accessed 5 August 2009).

The Committee tabled its report in Parliament on 4 December 2008.⁶³

The Committee concluded that there was evidence that the efficiency dividend did have a disproportionate impact on smaller agencies.

The Committee made eight recommendations including that the Government exempt the first \$50 million of all agencies' appropriations from the efficiency dividend.

External scrutiny

Decisions by the judiciary or tribunals

There were no judicial decisions or decisions of administrative tribunals made in 2008-09 which had, or may have, a significant impact on the operations of the office.

Reports by the Auditor General, Parliamentary Committees and the Commonwealth Ombudsman

There were no reports on the operation of the office (other than the report on financial statements) by any of the above bodies. It should be noted that the office is not within the jurisdiction of the Commonwealth Ombudsman.

The office has again received an unqualified audit report from the Australian National Audit Office (ANAO) in relation to its financial statements.

Further details of OIGIS interaction with parliamentary committees are available in the 'Parliament and Legislation' chapter of this report.

Management of human resources

Workforce planning, staff retention and turnover

At the end of 2000-01 (i.e. the last completed budgetary period before the 11 September 2001 terrorist attacks), OIGIS comprised the Inspector-General and four staff.

63 See <<http://www.aph.gov.au/house/committee/jpaa.efficdiv/report/fullreport.pdf>> (accessed 5 August 2009).

This figure was the same when I commenced as Inspector-General in March 2004, but not surprisingly there has been a need to expand the size of the office in a graduated manner.

The AIC agencies have grown substantially in size, there have been increases in the powers and capabilities of intelligence collection agencies, and OIGIS was tasked with taking a specific interest in the assessment activities of ONA and DIO as a result of the implementation of recommendations made by Mr Philip Flood AO in 2004.

At the conclusion of 2008-09 OIGIS comprised myself and 12 staff. My aim is to maintain this staffing level in 2009-10.

Additional resources allow the office to keep pace with the increases in AIC activities, and also give me the opportunity to re-evaluate the range of inspection activities to ensure that they are still focussed and relevant, as well as providing flexibility to initiate new inspection activities and research projects, as appropriate.

It is also worth noting that in 2006-07 I recruited a dedicated, CPA accredited accountant, who works on a part time basis, as well as a full-time administration officer who was recruited in 2007-08 and who does not have any inspection or review duties.

In addition to delivering a first rate service and providing me with significant reassurance that the office accounts are fully compliant with ANAO's reporting requirements and those of the Department of Finance and Deregulation, the recruitment of a dedicated and fully qualified accountant has freed up one of the existing members of staff to engage wholly on inspection and review activities.

Similarly, the engagement of a dedicated administration officer allows other members of staff to focus on inspection, complaint and inquiry work.

It is my intention to run at least one selection exercise in 2009-10 with a view to filling some actual and anticipated vacancies.

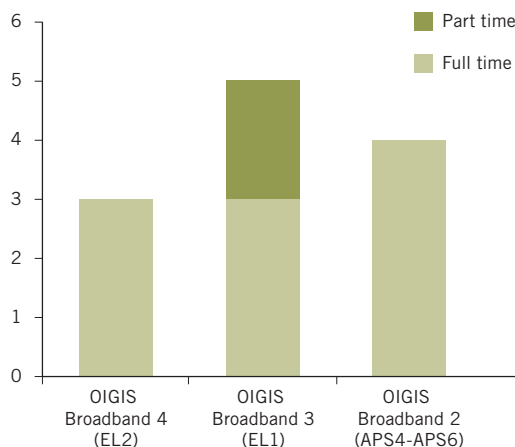
Organisational profile

At the end of the 2008-09 reporting period, the office had 12 ongoing APS employees located in the Australian Capital Territory and no non-ongoing employees.

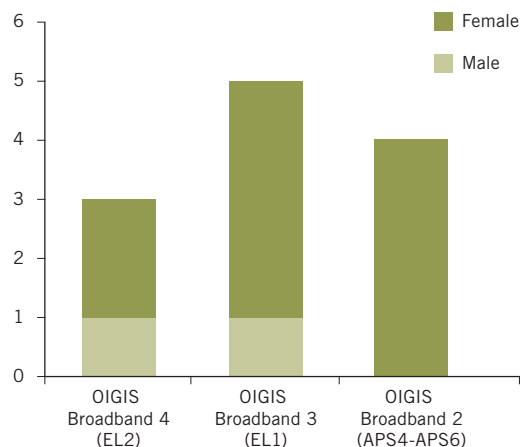
This compares to nine ongoing APS employees located in the Australian Capital Territory and no non-ongoing employees at the conclusion of 2007-08.

The profile of the organisation is summarised in the following two graphs:

Organisation Profile
(employment level and status)



Gender Balance
(by employment level)



During 2008-09 OIGIS gained four staff. This gain was off-set in part by the loss of one officer who transferred to a position in another Commonwealth agency.

Employment frameworks

At the conclusion of 2008-09 the office had eight staff members employed under individual Australian Workplace Agreements and four staff members employed under individual section 24(1) determinations under the *Public Service Act 1999*.

The salary ranges available to APS employees under the two frameworks is identical and is provided at Annex 3.

Generally the terms and conditions of employment (including non-salary benefits) for OIGIS staff are the same as those available to staff within PMC. Differences relate to:

- OIGIS does not offer home based work (given the classified nature of the material on which it works)
- the office does not have a performance bonus scheme
- there is no formal time-off-in-lieu (TOIL) scheme in OIGIS
- OIGIS staff receive three additional days annual leave, and
- OIGIS staff are paid a taxable annual allowance of 1% of base salary (in recognition of the regular, intrusive, high-level security assessments and other restrictions placed on employees as a result of reviewing the activities of the Australian Intelligence Community).

On 10 June 2009 I initiated bargaining for a new enterprise-level agreement to cover all APS employees in the office.

Performance pay

OIGIS does not have a performance based pay scheme.

Purchasing

All procurement and purchasing activities conducted by the office were in accordance with the Commonwealth Procurement Guidelines.

Consultants

Generally a small number of consultants are engaged each year by the office on an as required basis. Consultants are used where short term resources are inadequate or specialist expertise is required.

The security requirements of the office and the specialist nature of the consultancy work often means that consultants are directly sourced.

Where the work is more general in nature the office will, where possible, access consultants selected by PMC through an open tender or panel selection process.

During 2008-09 seven new consultancy contracts were entered into which involved total actual expenditure of \$47,861.57 (GST inclusive). This figure includes the making of mandatory superannuation payments. All seven consultancies were completed in 2008-09.

There were no on-going consultancy contracts from 2007-08 active during 2008-09.

A consultancy services table for this office (which satisfies a requirement that information on consultancies worth \$10,000 or more be reported) is provided at Annex 2, Table 1 of this annual report.

Information on the value of contracts and consultancies is also available on the Austender website.⁶⁴

ANAO access clauses

No contracts for greater than \$100,000 were entered into during the reporting period which did not provide for the Auditor-General to have access to the contractor's premises.

Exempt contracts

No exempt contracts have been entered into during the reporting period.

64 See: <<http://www.tenders.gov.au>>.

Legal services

Expenditure on legal services fluctuates from year to year and is largely dependent upon the nature of the inquiries undertaken.

In 2008-09 legal advice was obtained from:

- the Australian Government Solicitor (AGS), in respect of HR/ employment advice and tied work pursuant to the Commonwealth Legal Services Directions, at a combined cost of \$39 348.10 (GST inclusive). This compares to a cost of \$114 056 (GST inclusive) for such services in 2007-08.
- Blake Dawson, in respect of advice about processes to negotiate a new OIGIS enterprise-level employment agreement, at a combined cost of \$15 541.63 (GST inclusive). Services from providers other than AGS had not been obtained in 2007-08.

My office did not engage any other solicitors or any counsel direct during the reporting period, and there are no internal legal services.

Commonwealth disability strategy

The office is committed to meeting its responsibilities under the *Disability Discrimination Act 1992* and the Commonwealth Disability Strategy.

While the performance indicators and strategies in the Commonwealth Disability Strategy are not applicable or are applicable in a limited sense only to the work of this office, it is fully accepted that OIGIS must satisfy the principles which underpin the strategy wherever relevant.

Other information

Occupational health and safety

Due to the small size of the office a Health and Safety Committee has not been established. Instead health and safety matters are regularly addressed within the office as a standing item at the all-staff meetings and Audit Committee meetings and, as the need arises, directly with me through the team leaders and the Health and Safety Representative.

The office Health and Safety Management Arrangements were reviewed during 2008-09 in response to the new Occupational Health and Safety Code of Practice 2008.

In accordance with the requirements of the *Occupational Health and Safety Act 1991* (OH&S Act) staff were consulted during this process.

No accidents or dangerous events occurred during the year that arose out of the conduct of undertakings by me that required the giving of notice under section 68 of the OH&S Act.

No investigations were conducted relating to undertakings carried out by me and no notices were given to me under sections 29, 46 or 47 (relating to provisional improvement notices, prohibition notices and improvement notices respectively) of the OH&S Act.

Freedom of information

This office is an exempt agency for the purposes of the Freedom of Information Act 1982.

Advertising and market research

OIGIS did not incur any expenditure on general advertising or advertising campaigns during the reporting period.

Ecologically sustainable development and environmental performance

The office, through its co-location with PMC, continues to benefit from that Department's commitment to energy saving measures.

This includes the large number of energy and water saving measures, designed to reduce greenhouse emissions, which are incorporated into the building in which we are among the occupants (One National Circuit). These measures include, but are not limited to energy efficient lighting, heating and cooling.

Due to the small size of my office PMC does not separately measure the utilities used by OIGIS and provides these utilities free of charge. For this reason ecologically sustainable development and details of environmental performance are not specifically quantified in this report.

Nonetheless, the office is committed to ensuring that its activities are environmentally responsible. While the majority of the office's infrastructure is provided and maintained by PMC, there are a number of areas for which I am directly responsible in which I take into account the environmental impact and act accordingly to minimise it. These include:

- recycled paper was used for 70 per cent of the office's photocopying, facsimile reports and document printing (30 per cent new/virgin paper) in 2008-09
- printers are configured to default to print in a double-sided manner (that is, using both sides of the paper)
- all unclassified office paper and cardboard waste is recycled
- empty toner cartridges are recycled, except where security considerations apply, and
- where there is no operational impact, office equipment is 'shut-down' over night, rather than being placed on 'stand-by'.

Summary of OIGIS' Financial Performance and Resources for Outcomes

The office has one outcome and one output.

In 2008-09 the office received an operating appropriation of \$1.899 million as shown in the previous table. The major components of 2008-09 expenditure were:

- 76% employee expenses
- 23% supplier expenses, and
- 1% depreciation expense.

The % supplier expenses outlined above consist of:

- 58% other goods and services
- 30% resources received free of charge
- 11% payment to PMC, and
- 1% Comcare premium.

The office realised an operating surplus of \$219,440 in 2008-09.

	2008-09 OUTCOME 1	2008-09 OUTPUT 1
Revenue and Expenses	\$	\$
Operating revenues		
Revenues from government (Budget and Additional Estimates Appropriations)	1 899 000	1 899 000
Other income (Resources received free of charge)	121 348	121 348
Total operating revenues	2 020 348	2 020 348
Operating expenses		
Employees	1 368 519	1 368 519
Suppliers	408 221	408 221
Assets written-off	6 653	6 653
Net losses from sale of assets		
Equipment depreciation	17 515	17 515
Total operating expenses	1 800 908	1 800 908
OPERATING RESULT	219 440	219 440