FinancialStatements2009–10

CRIME AND MISCONDUCT COMMISSION

These financial statements cover the Crime and Misconduct Commission, an independent statutory body established under the *Crime and Misconduct Act 2001*.

The Commission is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the Commission is:

Level 2, North Tower Green Square
515 St Pauls Terrace
Fortitude Valley QLD 4006

A description of the nature of the Commission's operations and its principal activities is included in the notes to the financial statements.

For information relating to the Commission's financial statements, please call 07 3360 6060, email mailbox@cmc.qld.gov.au or visit the Commission's internet site <www.cmc.qld.gov.au>.

Amounts shown in these financial statements may not add to the correct sub-totals due to rounding.

Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Income			
Revenue			
Grants and other contributions	2	44,833	41,731
Other revenue	3	938	614
Gains			
Gains from sale of property, plant and equipment	4	13	2
Total Income		**45,784**	**42,347**
Expenses			
Employee expenses	5	31,100	30,191
Supplies and services	6	10,071	10,422
Depreciation and amortisation	7	1,751	1,640
Other expenses	8	1,228	288
Total Expenses		**44,150**	**42,541**
Operating Surplus (Deficit)		**1,634**	**(194)**
Other Comprehensive Income		**–**	**–**
Total Comprehensive Income		**1,634**	**(194)**

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2010

	Notes	2010 $'000	2009 $'000
Current Assets			
Cash and cash equivalents	9	7,545	4,750
Receivables	10	507	380
Other	11	570	685
Total Current Assets		**8,622**	**5,815**
Non-Current Assets			
Intangible assets	12	438	–
Property, plant and equipment	13	14,637	15,189
Total Non-Current Assets		**15,075**	**15,189**
Total Assets		**23,697**	**21,004**
Current liabilities			
Payables	14	2,112	951
Lease liabilities	15	300	300
Accrued employee benefits	16	1,612	1,646
Provisions	17	80	–
Other	18	5	2
Total Current Liabilities		**4,109**	**2,899**
Non-Current Liabilities			
Lease liabilities	15	2,998	3,297
Accrued employee benefits	16	511	363
Total Non-Current Liabilities		**3,509**	**3,660**
Total Liabilities		**7,618**	**6,559**
Net Assets		**16,079**	**14,445**
Equity			
Contributed equity		13,944	13,944
Accumulated surplus		2,135	501
Total Equity		**16,079**	**14,445**

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2010

	Accumulated Surplus		Contributed Equity		TOTAL	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Balance as at 1 July	501	695	13,944	13,944	14,445	14,639
Operating Surplus (deficit) for the period	1,634	(194)	–	–	1,634	(194)
Balance as at 30 June	**2,135**	**501**	**13,944**	**13,944**	**16,079**	**14,445**

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Cash flows from operating activities			
Inflows:			
Government contributions and grants		43,752	41,040
Interest receipts		431	578
GST input tax credits from ATO		2,107	2,823
GST collected from customers		52	29
Other		481	(14)
Outflows:			
Employee expenses		(29,842)	(30,705)
Supplies and services		(10,159)	(10,861)
GST paid to suppliers		(2,200)	(2,371)
GST remitted to ATO		(56)	(75)
Other		(126)	–
Net cash provided by operating activities	19	**4,440**	**444**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		243	156
Outflows:			
Payments for property, plant and equipment		(1,450)	(4,772)
Payments for intangibles		(438)	
Net cash used in investing activities		**(1,645)**	**(4,616)**
Net increase (decrease) in cash and cash equivalents		2,795	(4,172)
Cash and cash equivalents at beginning of financial year		4,750	8,922
Cash and cash equivalents at end of financial year	9	**7,545**	**4,750**

The accompanying notes form part of these statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

Objectives and principal activities of the Commission

Note 1:	Summary of Significant Accounting Policies
Note 2:	Grants and Other Contributions
Note 3:	Other Revenues
Note 4:	Gains
Note 5:	Employee Expenses
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Note 7:	Depreciation and Amortisation
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Note 9:	Cash and Cash Equivalents
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Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

Objectives and principal activities of the Crime and Misconduct Commission

The objectives of the Commission are threefold.

1. Combat and prevent the incidence of major crime
The Commission works with the Queensland Police Service (QPS) and other law enforcement agencies to fight major crime as defined in the *Crime and Misconduct Act 2001.* It does this through a range of law enforcement and crime prevention initiatives including intelligence analysis, target identification and development, investigative hearings, gathering of evidence for prosecution action, recovery of the proceeds of crime and provision of policy-relevant information and advice. Also, the Commission undertakes a range of research activities into the incidence and prevention of criminal activity and into other matters relating to the administration of criminal justice referred to it by the Minister or required by other legislation.

2. Reduce misconduct and promote high standards of integrity in the public sector
The Commission's jurisdiction covers misconduct within the Queensland public sector, including the police service, departments, statutory authorities, most government-owned corporations, universities, local governments, courts, prisons, and on the part of state-elected officials. The CMC handles complaints about misconduct, conducts investigations, monitors how agencies deal with complaints, takes a lead role in building the capacity of agencies to prevent and deal with misconduct and undertakes related research, intelligence and prevention activities. The Commission also has a legislative role of conducting research into police powers and methods of operation and undertakes research related to Misconduct activities required by other legislation.

3. Provide an effective witness protection service
The Commission provides the state's witness protection service. The majority of protected witnesses are referred to the CMC by the QPS.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Commission has prepared these financial statements in compliance with section 43(1) of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit statutory body. Except where stated, the historical cost convention is used.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

(b) Classification between Current and Non-Current

In the determination of whether an asset or liability is current or non-current, consideration is given to the timing when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months.

(c) Trust Transactions and Balances

The Commission undertakes certain trustee transactions on behalf of individuals as a result of operational activities.

As the Commission acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in Note 23. Applicable audit arrangements are also shown.

(d) Grants and Contributions

Government grants and contributions are non-reciprocal in nature and are recognised as revenue in the year in which the Commission obtains control over them.

Contributed assets are recognised at their fair value. Contributions of services are recognised only if the service would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(e) Cash and Cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June, as well as deposits at call with financial institutions. It also includes liquid investments with short periods to maturity that are readily convertible to cash on hand at the Commission's option and that are subject to a low risk of changes in value.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery, that is, the agreed sale/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment if required. All known bad debts are written off in the period in which they are recognised.

Other debtors generally arise from transactions outside the usual operating activities of the Commission and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

(g) Prepayments

The Commission has determined that only prepayments on invoices greater than and equal to $1,000 will be recognised in its accounts. Recognition occurs at the time the invoice is processed for payment.

(h) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architect fees and engineering design fees. However, any training costs are expensed as incurred.

(h) Acquisition of Assets (cont'd)

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition, in accordance with AASB 116 *Property, Plant and Equipment.*

(i) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of $5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition. The carrying amounts for plant and equipment measured at cost should not materially differ from their fair value.

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Leasehold improvements and associated work in progress are recognised at cost.

Green Square Leasehold Improvements

The initial leasehold improvements at Green Square cost the Commission $13.579m and was recognised in the 2008-09 reporting period. The funding for this was provided by an equity injection of $9.707m from Queensland Treasury and a lease incentive of $3.872m provided by the developers. The lease is treated in accordance with AASB 117 *Leases* and the leasehold improvements are depreciated over the life of the lease (13 years), as prescribed by AASB 116 *Property, Plant and Equipment*.

The leasehold incentive has been recognised as a liability and will be amortised over the period of the lease as prescribed by UIG Interpretation 115 *Operating Leases – Incentives*. Refer Note 15.

(j) Revaluations of Non-Current Physical and Intangible Assets

Heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. As these assets were only acquired in the 2008-09 financial year, the Commission is of the view that the cost of these assets materially represents their fair value at the end of the reporting period.

These assets will be revalued at least once every five years. Any revaluation increment arising on the revaluation of these assets will be credited to the asset revaluation surplus, except to the extent it reverses a revaluation decrement previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent that it exceeds the balance, if any, in the asset revaluation surplus.

The Commission did not revalue any assets during the financial year.

Where intangible assets have an active market, they are measured at fair value; otherwise they are measured at cost. Plant and equipment is measured at cost in accordance with Treasury's *Non-Current Asset Policies.*

(k) Intangible Assets

AASB 138 *Intangible Assets* defines an intangible asset as an identifiable non-monetary asset without physical substance.

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the agency, less any anticipated residual value. The Commission's intangible asset has a zero residual value.

It has been determined that there is not an active market for the Commission's intangible asset. As such, the asset is recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased Software

The Commission's intangible asset consists of TRIM software for the Electronic Document and Records Management System (eDRMS). The software was ready for use by the Commission in July 2010 and full rollout occurred by August 2010.

The licensing and implementation costs of this software has been capitalised and will be amortised on a straight-line basis over the period of the expected benefit to the Commission, namely, nine years. Refer Note 12.

(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost, less its estimated residual value, progressively over its estimated useful life to the Commission.

All intangible assets of the Commission have finite useful lives and are amortised on a straight line basis.

Assets and software under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment or intangible assets.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Commission.

The depreciable amount of improvements to or on leasehold assets is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

Items comprising the Commission's technical library are expensed on acquisition.

(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment (cont'd)

The useful lives of general and technical equipment, computer equipment and leasehold improvements were reviewed during the reporting period and adjusted where necessary.

For each class of depreciable asset the following depreciation and amortisation rates are used.

Class	Rate %	Useful Life
Plant and equipment:		
General and Technical Equipment	14.3–36.2	3–7 years
Computer equipment	12.5–33.3	3–8 years
Motor vehicles	20	5 years
Leasehold improvements	7.7–8.3	12–13 years
Intangible Assets:		
Software Purchased	11.1	9 years

Where applicable, these rates are consistent with that of the prior year unless otherwise stated. Cultural and art assets are not depreciated.

(m) Impairment of Non-Current Assets

Impairment of non-current assets is the decline in the service potential of an asset over and above the use reflected through depreciation.

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount.

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income.

(n) Operating leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they occur.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability. Refer Note 1(i).

(o) Other financial assets

Investments are measured at cost. Interest is recognised on an accrual basis.

(p) Payables

Trade creditors are recognised upon receipt of the goods or services and are measured at the agreed purchase/contract price. Amounts owing are unsecured, and are generally settled on 30 day terms.

(q) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument.

The Commission has the following financial instruments:

– Cash and cash equivalents – held at fair value through profit and loss
– Receivables – held at amortised cost
– Payables – held at amortised cost

The Commission does not enter into transactions for speculative purposes, nor for hedging.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Commission are included in Note 22.

(r) Employee Benefits

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries and Sick Leave

Salaries and wages due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees, and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

Annual leave benefits are accrued on a pro rata basis in respect of services provided by employees up to balance date and are calculated having regard to the expected future rates of pay and related on- costs.

The value of the first twenty days of annual leave benefits accrued by employees has been treated as a current liability. The value of any annual leave benefits in excess of twenty days has been treated as a non-current liability. The provision for annual leave has been measured in accordance with AASB 119 *Employee Benefits*.

(r) Employee Benefits (cont'd)

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover the cost of employee's long service leave. Levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Commission's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements, pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the Commission's financial statements, the liability being held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Executive remuneration

The executive remuneration disclosures in the employee expenses note (Note 5) in the financial statements include:

- the aggregate remuneration of all senior executive officers whose remuneration for the financial year is $100,000 or more
- the number of senior executives whose total remuneration for the financial year falls within each successive $20,000 band, commencing at $100,000.

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, in connection with the management of the affairs of the Crime and Misconduct Commission, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries
- accrued leave (that is, the increase/decrease in the amount of annual leave and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like)
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June)
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, repairs/maintenance and fringe benefit tax on motor vehicles incurred by the agency during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives
- allowances (which are included in remuneration agreements of executives)
- fringe benefits tax included in remuneration agreements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(s) Provisions

Provisions are recorded when the Commission has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period.

(t) Insurance

The Commission's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(u) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable from, and GST payable to the Australian Taxation Office are recognised.

(v) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairperson and Finance Manager at the date of signing the Management Certificate.

(w) Judgments

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgments that have the potential to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year. Such estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Accrued Employee Benefits – Note 16
Provisions – Note 17
Commitments – Note 20
Contingencies – Note 21

(x) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(y) New and Revised Accounting Standards

New and amended Australian accounting standards that were applicable for the first time in the 2009–10 financial year and that had a significant impact on the Commission's financial statements are as follows:

The Commission complied with the revised AASB 101 *Presentation of Financial Statements* as from 2009–10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow has now been re-named to Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Commission has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Commission's activities, or have no material impact on the Commission.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 $'000	2009 $'000
2. Grants and Other Contributions		
Queensland Government	43,752	41,652
Goods and services received below fair value*	1,081	77
Other	–	2
Total	**44,833**	**41,731**

*** Received from**	***Goods/Services***		
Queensland Police Service	Salary and vehicle costs (Operation Tesco)	411	–
Department of Employment, Economic Development & Innovation	Database searches	4	1
Department of Premier and Cabinet	Salary costs	55	–
Department of Public Works	Archival services	388	76
Australian Crime Commission	Telephone intercept services	223	–
Total		**1,081**	**77**

3. Other Revenues

Interest	505	540
APSACC *	206	–
Other	227	74
Total	**938**	**614**

* An amount of $131,393 was reimbursed to the Commission by the Australian Public Sector Anti-Corruption Conference (APSACC) for salary and other costs incurred during the 2008–09 financial year for organising and hosting the conference. In addition, an amount of $50,000 was repaid to the Commission for the initial contribution of ‘seed funding’ for APSACC. The Commission also received its share of profits from the 2007 and 2009 APSACC conferences of $11,517 and $12,853 respectively. Refer Note 24.

4. Gains

Gain on sale of property, plant and equipment	13	2
Total	**13**	**2**

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 $'000	2009 $'000
5. Employee Expenses		
Employee Benefits		
Wages and salaries	22,356	21,884
Annual leave expense *	1,734	1,582
Employer superannuation contributions*	3,110	3,050
Long service leave levy*	423	418
Other employee benefits	1,216	1,185
Employee Related Expenses		
Workers' compensation premium*	205	207
Payroll tax	1,345	1,315
Other employee related expenses	711	550
Total	**31,100**	**30,191**

* Refer to Note 1(r).

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

	2010	2009
Number of Employees	313.5	293.5

Executive Remuneration

(i) Chairperson's Remuneration

The Chairperson's conditions of employment also include entitlement to private use of a motor vehicle and leave equivalent to the public service except for long service leave. The Chairperson is not eligible for a performance bonus.

Robert Needham, who held the position of Chairperson since 1 January 2005, retired on 31 December 2009. Commissioner Ann Gummow acted as Chairperson of the Commission for the period 1 January 2010 to 7 February 2010, until Martin Moynihan AO QC was appointed to the position on 8 February 2010.

Mr Moynihan was previously a Justice of the Supreme Court of Queensland and is consequently entitled to a pension under the *Judges (Pension and Long Leave) Act 1957.* Mr Moynihan has elected to have his salary entitlement payable by the Commission reduced by the amount of his judicial pension.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

5. Employee Expenses (cont'd)

Total Chairperson's remuneration is as follows:

	2010 $	2009 $
Robert Needham	308,095	413,549
Ann Gummow	46,470	–
Martin Moynihan AO QC	101,627	–
Total	**456,192**	**413,549**

(ii) Commissioners' Remuneration

The remuneration paid to part-time Commissioners is determined by the Minister and based on rates specified in the Guidelines for *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities*. The remuneration amounts shown include superannuation.

	2010	2009
David Gow	47,033	45,731
Ann Gummow	42,679	46,850
Judith Bell	48,652	46,850
Phillip Nase	48,652	29,191
Total	**187,016**	**168,622**

(iii) Executives' Remuneration

The executive's remuneration covers senior executives (SES1 or above) who are employed under contract by the Commission.

The number of senior executives who received or were due to receive total remuneration of $100,000 or more:

	2010	2009
$100,000 to $119,999	–	1
$120,000 to $139,999	–	–
$140,000 to $159,999	3	1
$160,000 to $179,999	2	4
$180,000 to $199,999	2	3
$200,000 to $219,999	2	–
$220,000 to $239,999	1	1
$240,000 to $259,999	1	–
$260,000 to $279,999	–	1
Total	**11**	**11**

5. Employee Expenses (cont'd)

	2010 $'000	2009 $'000
Total remuneration of executives shown above#	2,080	2,014

The amount calculated as executive remuneration in these financial statements includes the direct remuneration received as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from the advertised executive remuneration packages which do not include the latter items.

The total separation and redundancy/termination benefit payments to executives shown above.	Nil	Nil

6. Supplies and Services

	2010	2009
Rental expense – operating lease	3,893	4,487
Books and publications	175	178
Computer software/services	296	327
Consultants	120	70
Contractors	163	234
Electricity	327	160
Employment agency staff	240	151
Equipment	289	417
Furniture supplies and repairs	15	418
Information retrieval and access costs	451	284
Legal fees	536	245
Maintenance	387	283
Motor vehicles	518	581
Operational expenses	598	572
Project costs	55	59
Security services	395	348
Service provider – payroll and finance systems	159	199
Stationery	180	171
Telecommunications	356	366
Travel	379	419
Other supplies and services	539	453
Total	**10,071**	**10,422**

7. Depreciation and Amortisation

	2010	2009
Motor vehicles	216	205
Computer equipment	312	268
General and technical equipment	163	141
Leasehold improvements	1,060	1,026
Total	**1,751**	**1,640**

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 $'000	2009 $'000
8. Other Expenses		
External audit fees*	87	53
Insurance	20	16
Goods and services received free of charge (see Note 2)	1,081	77
Losses from disposal of property, plant and equipment	21	105
Special payments	–	10
Other	19	27
Total	**1,228**	**288**

* Total external audit fees relating to the 2009–10 financial year are estimated to be $64,000 (2009: $62,500). There are no non-audit services included in this amount.

9. Cash and Cash Equivalents

Imprest accounts	30	40
Cash at bank	195	2,390
Term deposits*	7,320	2,320
Total	**7,545**	**4,750**

***** Included in term deposits is a $0.320m bank guarantee pursuant to a lease agreement. These term deposits which are held with AA banking institutions, earned interest rates between 3.40% and 6.05% (2009: 3.39% and 8.05%).

10. Receivables

Trade debtors*	22	2
GST receivable	279	187
GST payable	(3)	(8)
	276	179
Long service leave reimbursements	93	93
Interest receivable	76	2
Other*	40	104
Total	**507**	**380**

***** As at reporting date, there were no debtors that required a provision for impairment.

11. Other Current Assets

Current		
Prepayments – salaries	166	272
Prepayments – supplies and services	404	413
Total	**570**	**685**

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 $'000	2009 $'000
12. Intangible Assets		
Software WIP*		
At cost	438	–
Total	**438**	**–**
Intangibles Reconciliation		
Software WIP		
Carrying amount at 1 July	–	–
Acquisitions	438	–
Amortisation	–	–
Carrying amount at 30 June	**438**	**–**

* Relates to software licensing and implementation costs (including capitalised salary costs) for the TRIM Electronic Document and Records Management System which was rolled out to the Commission during July and August 2010.

	2010 $'000	2009 $'000
13. Property, Plant and Equipment		
Motor vehicles:		
At cost	1,112	1,079
Less: Accumulated depreciation	(307)	(268)
	805	811
Computer equipment:		
At cost	1,228	919
Less: Accumulated depreciation	(404)	(398)
	824	521
General and technical equipment:		
At cost	1,344	1,453
Less: Accumulated depreciation	(412)	(411)
	932	1,042
Leasehold improvements:		
At cost	14,365	13,995
Less: Accumulated depreciation	(2,349)	(1,289)
	12,016	12,706
Cultural and art assets:		
At fair value	25	25
Work in progress:		
At cost	35	84
Total	**14,637**	**15,189**

The Commission has plant and equipment with an original cost of $1.706m and a written down value of zero still being used in the provision of services.

13. Property, Plant and Equipment Reconciliation (cont'd)

Property, Plant and Equipment Reconciliation	Motor vehicles		Computer equipment		General and technical equipment		Leasehold improvements		Cultural and art assets		Work in progress		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Carrying amount at 1 July	811	813	521	149	1,042	582	12,706	122	25	–	84	10,650	15,189	12,316
Acquisitions	454	420	554	374	121	909	286	2,960	–	25	35	84	1,450	4,772
Disposals	(244)	(217)	–	18	(7)	(60)	–	–	–	–	–	–	(251)	(259)
Transfers between classes	–	–	61	248	(61)	(248)	84	10,650	–	–	(84)	(10,650)	–	–
Depreciation	(216)	(205)	(312)	(268)	(163)	(141)	(1,060)	(1,026)	–	–	–	–	(1,751)	(1,640)
Carrying amount at 30 June	**805**	**811**	**824**	**521**	**932**	**1,042**	**12,016**	**12,706**	**25**	**25**	**35**	**84**	**14,637**	**15,189**

	2010 $'000	2009 $'000
14. Payables		
Trade creditors	1,996	834
Other	116	117
Total	**2,112**	**951**
15. Lease Liabilities		
Current		
Lease incentive liability	300	300
Total	**300**	**300**
Non-Current		
Lease incentive liability	2,998	3,297
Total	**2,998**	**3,297**
16. Accrued Employee Benefits		
Current		
Wages outstanding	37	170
Annual leave	1,509	1,381
Long service leave levy payable	66	68
Other	–	27
Total	**1,612**	**1,646**
Non-Current		
Annual leave	511	363
Total	**511**	**363**
17. Provisions		
Telephone interception access costs*	80	–
Total	**80**	**–**
Movements in provisions		
Access Costs		
Balance at 1 July	–	–
Provision recognised	80	–
Balance at 30 June	**80**	**–**

* Provision for one-off infrastructure costs associated with enhancing telephone intercept capabilities in conjunction with the Australian Crime Commission. Refer Note 20(c).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 $'000	2009 $'000

18. Other Current Liabilities

	2010 $'000	2009 $'000
Unearned revenue	5	2
Total	**5**	**2**

19. Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2010 $'000	2009 $'000
Operating surplus/(deficit)	1,634	(194)
Depreciation expense	1,751	1,640
Loss on sale of property, plant and equipment	21	105
Gain on sale of property, plant and equipment	(13)	(2)
Change in asset and liabilities:		
(Increase)/decrease in trade debtors	(20)	12
(Increase)/decrease in GST input tax receivable	(92)	399
(Increase)/decrease in long service leave reimbursement receivable	–	(61)
(Increase)/decrease in interest receivable	(74)	39
(Increase)/decrease in other receivables	64	(104)
(Increase)/decrease in prepayments	115	(326)
Increase/(decrease) in accounts payable	1,161	(5)
Increase/(decrease) in accrued employee benefits	114	(178)
Increase/(decrease) in GST payable	(5)	7
Increase/(decrease) in provisions	80	–
Increase/(decrease) in unearned revenue	3	(613)
Increase/(decrease) in lease incentive liability	(299)	(275)
Net cash from operating activities	**4,440**	**444**

20. Commitments for Expenditure

(a) Operating Lease

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

	2010 $'000	2009 $'000
Not later than one year	4,777	4,350
Later than one year and not later than five years	20,116	18,104
Later than five years	5,305	10,175
Total	**30,198**	**32,629**

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

Operating leases have a renewal option which is exercisable at market prices.

No lease arrangements create restrictions on other financing transactions.

20. Commitments for Expenditure *(cont'd)*

(b) Vehicle Lease Commitments

Commitments under vehicle leases at reporting date are inclusive of anticipated GST and are payable as follows:

	2010 $'000	2009 $'000
Not later than one year	218	237
Later than one year and not later than five years	199	195
Total	**417**	**432**

(c) Capital Expenditure Commitments

Capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2010 $'000	2009 $'000
Payable:		
Not later than one year	444	321
Total	**444**	**321**

Capital expenditure commitments include expenditure in relation to one-off infrastructure costs associated with enhancing telephone intercept capabilities in conjunction with the Australian Crime Commission. Refer Note 17.

(d) Other Expenditure Commitments

Other expenditure committed at the end of the period but not recognised in the accounts are as follows:

	2010 $'000	2009 $'000
Payable:		
Not later than one year	165	108
Total	**165**	**108**

21. Contingencies

(a) Litigation in progress

As at 30 June 2010, there were five orders for costs made in favour of the Commission and one order for costs made against the Commission by the Supreme Court. In addition, one case in relation to injunction proceedings was commenced against the Commission.

It is not possible to make a reliable estimate of the final costs that could be recovered or is payable from these cases at this time.

No applications where filed against the Commission seeking damages or the payment of monetary compensation during the financial year.

The Commission is insured against general liability with the Queensland Government Insurance Fund (QGIF). Under the QGIF, the Commission would be able to claim back, less a $10,000 deductible, the amount paid to successful litigants.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

22. Financial Instruments

(a) Categorisation of financial instruments

The Commission has the following categories of financial assets and financial liabilities:

Category:	Note	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	9	7,545	4,750
Receivables	10	507	380
Total		**8,052**	**5,130**
Financial liabilities			
Payables	14	2,112	951
Total		**2,112**	**951**

(b) Financial Risk Management

The Commission's activities expose it to a variety of financial risks — interest rate risk, credit risk, liquidity risk and market risk.

The Commission provides written principles for overall risk management, as well as policies covering specific areas.

All financial risk is managed by the Corporate Support Division under policies approved by the Commission.

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table represents the Commission's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum Exposure to Credit Risk *Category:*	Note	2010 $'000	2009 $'000
Financial Assets			
Cash and cash equivalents	9	7,545	4,750
Receivables	10	507	380
Total		**8,052**	**5,130**

The Commission manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Commission invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

22. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired financial assets are disclosed in the following tables:

2010 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 days $'000	30–60 days $'000	61–90 days $'000	More than 90 days $'000	Total $'000
Receivables	–	–	12	–	12
Total	**–**	**–**	**12**	**–**	**12**

2009 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 days $'000	30–60 days $'000	61–90 days $'000	More than 90 days $'000	Total $'000
Receivables	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**

(d) Liquidity Risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Commission manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

		2010 Payable in			Total
	Note	< 1 year	1–5 years	> 5 years	
Financial liabilities					
Payables	14	2,112	–	–	2,112
Total		**2,112**	**–**	**–**	**2,112**

22. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

	Note	2009 Payable in < 1 year	2009 Payable in 1–5 years	2009 Payable in > 5 years	Total
Financial liabilities					
Payables	14	951	–	–	951
Total		**951**	**–**	**–**	**951**

(e) Market Risk

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes.
The Commission is exposed to interest rate risk through cash deposited in interest bearing accounts.
The Commission does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that provided to management, depicting the outcome on profit or loss if interest rates would change by +/- 1% from the year-end rates applicable to the Commission's financial assets and liabilities. With all other variables held constant, the Commission would have a surplus and equity increase/ (decrease) of $75,150 (2009: $47,100). This is mainly attributable to the Commission's exposure to variable interest rates on cash deposited in interest bearing accounts.

Financial Instruments	Carrying Amount $'000	2010 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	7,515	(75)	(75)	75	75
Potential Impact		**(75)**	**(75)**	**75**	**75**

Financial Instruments	Carrying Amount $'000	2009 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	4,710	(47)	(47)	47	47
Potential Impact		**(47)**	**(47)**	**47**	**47**

23. Trust Transactions and Balances

At 30 June 2010, the Commission held $4,061 (2009: $6,111) in trust for a number of benefactors as a result of operational activities.

The Queensland Auditor-General performed the audit of the Commission's trust transactions for 2009-10.

24. Australian Public Sector Anti-Corruption Conference (APSACC)

The Commission hosted the second Australian Public Sector Anti-Corruption Conference (APSACC), held in Brisbane during the period 28–31 July 2009. The Conference was jointly organised by the Crime and Misconduct Commission (CMC), the NSW Independent Commission Against Corruption (ICAC) and the WA Corruption and Crime Commission (CCC). The three agencies entered into a formal agreement for the management and delivery of the conference.

As at 30 June 2010, the accounts for the 2009 Conference have been finalised and audited by Mr P Teefy (CPA). The Commission incurred salary and other costs of $217,365 during the period April 2008 to October 2009 associated with organising and hosting the conference.

These costs were reimbursed to the Commission upon finalisation of the APSACC accounts and allocated as follows:

– an amount of $131,393 received for costs incurred during the 2007–08 and 2008–09 financial years (refer Note 3);
– an amount of $85,972 received for costs incurred during the 2009–10 financial year, which has been offset against expenditure.

In addition, profits from the 2007 and 2009 conference have been distributed to the three agencies as follows:

	2007	**2009**	**Total**
CMC	11,517	12,853	24,370
ICAC	11,517	12,853	24,370
CCC	11,517	12,853	24,370
Total	**34,551**	**38,559**	**73,110**

The initial contribution by the agencies of $50,000 each for conference set-up fees have also been repaid to the three agencies and the joint APSACC bank account has been closed. Refer Note 3.

The next conference to be held in Western Australia in 2011 will be hosted by the CCC.

Certificate of the Crime and Misconduct Commission

for the year ended 30 June 2010

This general purpose financial report has been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Crime and Misconduct Commission for the financial year ended 30 June 2010 and of the financial position of the Commission at the end of that year.

Sighted and signed

Radhika Munien
Finance Manager

Date: 27 August 2010

Sighted and signed

Martin Moynihan AO QC
Chairperson

Date: 27 August 2010

Independent Auditor's Report

To the Accountable Officer of the Crime and Misconduct Commission

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Crime and Misconduct Commission for the financial year ended 30 June 2010 included on the Crime and Misconduct Commission's website. The Commission is responsible for the integrity of the Crime and Misconduct Commission's website. I have not been engaged to report on the integrity of the Crime and Misconduct Commission's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Crime and Misconduct Commission*,* to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Crime and Misconduct Commission, which comprises 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, a summary of significant accounting policies, other explanatory notes and the certificates given by the the Chairperson and Finance Manager.
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The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report and any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

Independent Auditor's Report

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

  (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Crime and Misconduct Commission for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

DIRECTOR OF AUDIT
30 AUG 2010
QUEENSLAND AUDIT OFFICE

George

N GEORGE CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane