



2009 10

ANNUAL REPORT

*Independent oversight  
that contributes to a more  
accountable public sector.*



OFFICE OF THE INSPECTOR  
OF CUSTODIAL SERVICES

## OUR MISSION

*To provide an independent, expert and fair inspection service so as to give Parliament and the community up-to-date reports and advice about custodial facilities and services.*

### RESPONSIBLE MINISTER

Attorney General and Minister for Corrective Services  
The Hon. Christian Porter, MLA

### ACCOUNTABLE AUTHORITY

The Office of the Inspector of Custodial Services

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### ABOUT THIS REPORT

This report is prepared to satisfy the Office's accountability to Parliament, pursuant to Part 5 of the *Inspector of Custodial Services Act 2003*.

It is also designed to enhance understanding of the Office's activities.

This report plays a significant role in communicating aspects of the Office's work to the wider Western Australian community.

This report is available on the Office's website and will be made available, upon request, in alternative formats.



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## Part One – Overview

### 1. The Inspector

The Office of the Inspector of Custodial Services (the Office) was established by the *Prisons Amendment Act 1999* and began operating in June 2000. In 2003 the functions and powers of the Office were enshrined in the *Inspector of Custodial Services Act 2003* (the *Act*). The *Act* establishes an independent agency that reports directly to Parliament to inspect and review specified places where persons are held in custody or specified custodial services in Western Australia.

In accordance with section 6 of the *Act*, Professor Neil Morgan was appointed as the second Inspector of Custodial Services (the Inspector) in March 2009.

As permitted under section 12 of the *Act*, the Inspector delegated his powers to the Deputy Inspector on one occasion during the past financial year, for a total of two weeks.



*Professor Neil Morgan*

### 2. Staff

In order to carry out his statutory functions the Inspector can authorise others to assist in undertaking custodial inspections and reviews. He may do this by permanent appointment of staff to the Office (section 16(1)), by the temporary engagement of experts (section 16(2)) or by the secondment of employees from within the public service of the State (section 16(3)).

In this regard, the Office consists of 16 Full Time Equivalent (FTE) staff, with 15 staff in full or part-time employment and one position filled through contract. The Office comprises the Inspector, Deputy Inspector, an operations team, a research and strategy team, a community relations branch and corporate governance staff. The Office also has offered, in past years, a 12-month secondment opportunity for an officer from the Department of Corrective Services (the Department). This arrangement provided professional development experience for the officer and served to enhance the links between the Office and the Department. However, the Department elected not to fill this position this financial year and their future support for such an arrangement appears unlikely.

In addition to its own staff, the Office has used the services of employees from other public service departments and agencies for their expertise on an occasional basis throughout the year. The participation of these experts added great value to the work of the Office and provided an added depth to the inspection work. The Inspector would like to acknowledge the contributions of the following Departments and Agencies and to thank them for their support throughout the year:

- Department of Health;
- Office of Health Review;
- Drug and Alcohol Office;
- Midwest Community Drug Service Team;
- Department of Training and Workforce Development;
- WorkSafe Western Australia Commission;
- Office of the Commissioner for Children & Young People;
- Council of Official Visitors;
- Aboriginal Legal Service of Western Australia;
- Offenders Aid and Rehabilitation Services of South Australia Inc;
- Office of the Guardian for Children and Young People, South Australia; and,
- Office of the Sheriff of New South Wales.

In the 2009-10 financial year 18 people from these organisations provided their expert services to the inspection of custodial places or services on 23 occasions.

In addition, Dr Harry Blagg (consultant, formerly of the University of Western Australia), and, Dr Penny Flett (CEO of the Brightwater Group) provided expert consultancy on the inspection of Casuarina Prison. A student from Edith Cowan University also completed a practicum placement at this Office and two students from the University of Western Australia undertook research work.

### 3. Relationship with the Minister

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The Inspector's relationship with the responsible Minister, the Honourable Christian Porter MLA, Attorney General and Minister for Corrective Services, has continued to develop. Meetings are set at regular intervals and are also held on an as-needs basis in relation to specific incidents, issues and policies that arise throughout the year.

#### Risk Notices

The Inspector raises matters of risk with the Department and the Minister in several ways. These include inspection reports, correspondence and meetings with the Minister and/or the Commissioner for Corrective Services, and the process of issuing a 'risk notice'.

Risk notices are used sparingly and generally will not be used if the issue has been raised in other ways and is being satisfactorily addressed as a result. For example, in 2009-10, the Inspector raised concerns regarding the safety of some of the bunk beds being installed in some of the prisons to accommodate the population increase. In response to these concerns the Department is currently undertaking a full review. The Inspector will monitor progress and if unsatisfactory, a risk notice remains an option.

In accordance with these processes, regular reports about areas of risk were provided to the Minister and the Department in the 2009-10 financial year, but no actual risk notices were issued. However, ongoing investigation occurred with respect to a risk notice issued late in the 2008-09 financial year regarding the health services for prisoners generally and more specifically at Hakea Prison.

### 4. Functions and Powers

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#### Inspections

Pursuant to section 19(1) of the *Act* it is the primary function of the Inspector to undertake an inspection of each prison, detention centre, court custody centre and prescribed lock-up in Western Australia at least once every three years. In the 2009-10 financial year the Inspector completed the on-site physical inspection of five custodial facilities:

- Greenough Regional Prison (August 2009)
- Hakea Prison (October 2009)
- Karnet Prison Farm (February 2010)
- Casuarina Prison (April 2010)
- Rangeview Juvenile Detention Centre (May/June 2010)

In each case the on-site inspection work was completed within the three-year time frame required by the *Act*.

Section 33(2)(e) of the *Act* also requires the Inspector to provide notice via the Annual Report of announced inspections that will be conducted in the next financial year. Inspections proposed for 2010-11 are:

- Roebourne Regional Prison (September 2010)
- Acacia Prison (November 2010)
- Eastern Goldfields Regional Prison (January 2011)
- Bandyup Women's Prison (March 2011)
- Banksia Hill Detention Centre (May 2011)

The Inspector generally provides considerable advance notice to the Department as to the dates on which he proposes to conduct inspections of prisons and detention centres. The notice given is usually three to four months prior to the on-site phase. This occurred for each of the five inspections carried out this financial year. The Inspector also has the power, should this be considered necessary, to conduct inspections that are unannounced or are preceded by a short notice period.<sup>1</sup>

### Timeliness of Reports

Section 20 of the *Act* requires the Inspector to prepare an inspection report following each inspection, detailing the inspection findings and recommendations.

For some time now this Office has been working to reduce the time taken in the publication of reports. However, there are several limitations on the speed at which reports can become public. Under the *Act*, the Department and other relevant parties must have the opportunity to respond to draft reports.<sup>2</sup> Furthermore, the final report should generally not be published until at least 30 days have elapsed since the report was lodged in Parliament.<sup>3</sup> Despite these pressures, an ambitious target timeframe of 26 weeks for the production of inspection reports was developed in 2008.

Without compromising the quality or accuracy of the finished product, this year saw the Office meet this average timeframe for published inspection reports for the first time.

Timeliness marker	2006-2007	2007-2008	2008-2009	2009-2010 <sup>4</sup>
Average time to Draft Report	15 weeks	16 weeks	15 weeks	11 weeks
Time taken by Department to review Draft Report	8 weeks	8 weeks	6 weeks	5 weeks
Lodgement of Final Report with Parliament	37 weeks	38 weeks	27 weeks	22 weeks
Overall time to publication	41 weeks	42 weeks	32 weeks	26 weeks

Efforts to reduce the time taken, including a commitment from the Department to reduce their review period, therefore appear to have been successful. Complementing these efforts, this Office and the Department have begun work on a new memorandum of understanding covering such areas as lines of communication, timeliness and responses to reports.

<sup>1</sup> Section 25(1) of the *Act*.

<sup>2</sup> Section 37 of the *Act*.

<sup>3</sup> Section 35 of the *Act*.

<sup>4</sup> This does not include the thematic reports numbered 64 or 65, or the report on the inspection of Greenough Regional Prison which was awaiting publication at the time of this Annual Report.

### Report summaries

In 2009–10 six reports were completed to the satisfaction of the Inspector. These comprised five inspection reports of specific sites and one thematic review of court security and custodial services. The following is a summary of the findings of each report.

#### Report 61: Report of an Announced Inspection of Wooroloo Prison Farm

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Historically, Wooroloo had been a well-performing facility. Unfortunately, the 2009 inspection identified a significant decline in performance. There had been a loss of direction and focus on Wooroloo's role as a re-entry prison both within the Department and within the prison itself. Most significantly, a marked deterioration in the relationship between prison officers and prisoners was evident.

The Department had, since 2006 increased the size of the prisoner population at Wooroloo from 211 to 270 with an additional 90 proposed to be added within 12 months. This report cautioned the Department about the prison's ability to absorb an additional 90 prisoners within a short timeframe.

#### Report 62: Report of an Announced Inspection of Boronia Pre-release Centre for Women

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Boronia Pre-release Centre is a small, highly specialised releasing facility for female prisoners. This Office had previously recognised Boronia as a model of good practice and women-centred approaches to managing female offenders in custody. At this inspection, this positive note continued, with the inspection reporting positive staff/resident relations, good management, clear vision, quality education and training services, and a service delivery model based on strong engagement with and support from not-for-profit community organisations.

Identified areas for ongoing improvement included: ensuring the sustainability of women-centred programs; improving prisoner confidence in the complaints process; and promoting increased prisoner participation in community-based work, recreation, and study activities. The report also noted that the high performance of Boronia had served to highlight the relatively disadvantaged position of Aboriginal women across the prison estate as a whole.

#### Report 63: Report of an Announced Inspection of Hakea Prison

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At the time of the Hakea inspection the unprecedented increase in prisoner numbers seen in 2009 was resulting in system-wide gridlock. Hakea is the state's primary reception, remand and assessment facility, but these functions were being compromised by an inability to move out sentenced prisoners. Consequently, the prisoner population had increased from 670 in 2006 to over 900 with 45 per cent of these being sentenced prisoners.

With insufficient and ageing infrastructure, a poorly functioning structured day and a funding model which was under-resourcing necessary activity, the prison and its management faced serious problems. The overcrowding had resulted in the specific needs of the remand population being neglected and raised potential human rights and decency issues with respect to matters such as cell conditions and health services. There were also concerns about staff training and the safety of work practices.

Nonetheless, the prison was in many ways in better shape than expected given the challenges it faced. The inspection report attributed this to the efforts, pragmatism and good leadership of management and staff, and the forbearance of the prisoners.

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### Report 64: Report of an Inspection of Court Security and Custodial Services under the District Court Building Services Contract

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This generally positive and optimistic inspection report found no fundamental flaws in the way that the services were delivered, and many areas of good practice. However, some areas for improvement were also noted. These included: improving the balance between customer service skills and security needs; enhancing some aspects of security; evaluating the appropriateness of supervision arrangements for prisoners at times; improving staff training; and, upgrading the conditions for people in custody. However, given performance to date and the willingness of all parties to respond positively, the State can be confident about the future performance of the District Court Building services contract.

### Report 65: Thematic Review of Court Security and Custodial Services in Western Australia

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The fieldwork for this report was largely undertaken in the first half of 2009. 2009 and 2010 have seen significant changes in prisoner transport following the death of Mr Ward in the back of a transport van in January 2008 and the subsequent Coronial inquest in 2009. In particular, coach and air travel has been introduced for many long distance transports.

For the most part this thematic report reflected positively on the court security and court services provided. The main exception to this was in some regional courts where little had been spent on upgrades and where there were issues with cell design and the quality of the food provided to those in custody. Particular concerns were also noted with the condition of a number of police lockups.

On the transport side, problems were identified with the transport of adults and juveniles, and with the number of medical escort cancellations. Only a handful of new vehicles were on the road and there had already been difficulties with some of the technologies. In addition, the review found evidence of deficiencies in management of the contract arising in part from a dispersal of responsibility, authority and risk between the two departments primarily involved. Significant concerns were identified some of which reflected the history and nature of the present contract and the ageing vehicle fleet.

It should be noted that the contractor responded positively to the draft report and, provided a generally credible account of its efforts to address the main concerns raised. The Department of Corrective Services, the Department of the Attorney General and the Western Australian Police also responded positively. Overall, there have been many areas of improvement over the past 12-18 months and efforts to effect further improvement continue.

### Report 66: Report of an Announced Inspection of Greenough Regional Prison

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No information is available for this report as it had been lodged in Parliament but was in its 30-day embargo period at the time this Annual Report was prepared. Details of the report will be published in the 2010-2011 Annual Report.

### Recommendations

Seventy six recommendations were made in reports that were declared, prepared or published this year. From the table below it is evident that this year showed an increased focus on care and wellbeing, and human rights issues. Other areas of ongoing focus include staffing issues, custody and security and the administration of the Department.

The mix of recommendations contained in inspection reports:

Type of Recommendation	2006-07	2007-08	2008-09	2009-10
Custody & security	18%	6%	19%	13%
Care & wellbeing	24%	18%	13%	18%
Health	6%	8%	6%	11%
Rehabilitation	17%	11%	16%	4%
Reparation	7%	5%	4%	1%
Human rights	4%	1%	8%	14%
Racism, Aboriginality & equity	7%	14%	6%	11%
Administration and accountability	6%	12%	17%	9%
Staffing issues	16%	22%	10%	16%
Correctional value for money	2%	5%	1%	3%
Total recommendations	85	130	83	76

The Department's responses to these recommendations are shown in the following table. Agreement to many of the classes of recommendation was at or well above the target set by this Office. However, three categories (two with only a small number of recommendations) were below our target, namely, the responses to recommendations addressing administration and accountability, reparation and, rehabilitation issues.

The extent of acceptance of recommendations contained in inspection reports:

Type of Recommendation	Target	2006-07	2007-08	2008-09	2009-10 <sup>5</sup>
Custody and security	75%	85%	92%	100%	80%
Care and wellbeing	75%	80%	81%	100%	77%
Health	75%	71%	90%	100%	100%
Rehabilitation	75%	100%	86%	92%	33% <sup>6</sup>
Reparation	75%	80%	80%	100%	Nil <sup>7</sup>
Human rights	100%	100%	100%	100%	100%
Racism, Aboriginality and Equity	100%	89%	100%	60%	100%
Administration and accountability	50%	93%	71%	86%	43% <sup>8</sup>
Staffing issues	50%	100%	97%	100%	92%
Correctional value-for-money	50%	100%	78%	100%	100%

Looking at the Department's response to recommendations in more detail, the following table shows a reduction in the percentage of recommendations receiving unqualified support by the Department, with many recommendations being either partially supported or supported subject to funding.

Although these are matters of concern, some of the differences may be attributable to the fact that this Office's reports now make fewer recommendations of a detailed 'in house' nature which may invite a simple 'accepted' or 'not accepted' response. Instead, reflecting the evolution of the Office, the recommendations are broader and more strategic in direction. Recently, too, the Department began

<sup>5</sup> The number of recommendations was smaller this year but a greater number were of a strategic nature and hence the acceptance levels within some types of recommendation may vary when compared to previous years.

<sup>6</sup> The number of recommendations in this category was small. Hence, the non acceptances of even a small number of recommendations had a marked influence on the reported percentage and may not accurately reflect the Department's true position.

<sup>7</sup> The number of recommendations in this category was small. Hence, the non acceptances of even a small number of recommendations had a marked influence on the reported percentage and may not accurately reflect the Department's true position.

<sup>8</sup> There were seven recommendations in this category, four of which were not accepted.

to use different terminology, sometimes with different qualifications. The Department considers that these modified responses better reflect its position but it can be more difficult to determine the extent to which the Department intends to address the identified issue.

Acceptance of recommendations:

Acceptance	2006-07	2007-08	2008-09	2009-10
Accepted	56%	49%	57%	26%
Partially accepted or qualified	31%	39%	35%	54%
Not accepted	12%	11%	8%	15%
Unable to be determined	1%	1%	-	4%

It should also be noted that there are times when the Department pursues the recommended course of action even though its response indicates that it does not concur with the recommendation.

On the other hand, agreement with a recommendation does not necessarily mean that the Department adequately progresses the issue.

As seen in the table below, up until this year there had been an improvement in the percentage of recommendations against which this Office considers that the Department has made adequate or better progress. In 2005-06 and 2006-07, the percentage had only been around 40 per cent. In 2007-08, this increased to 53 per cent, and in 2008-09 to 69 per cent. In this financial year the percentage dropped back to 50 per cent.

Progress against past recommendations:

Rating	2005-06	2006-07	2007-08	2008-09	2009-10 <sup>9</sup>
Poor	5%	7%	7%	7%	10%
Less than acceptable	53%	40%	37%	24%	40%
Acceptable	37%	44%	45%	44%	43%
More than acceptable	5%	9%	10%	21%	7%
Excellent	-	-	1%	3%	-

### Exit Debriefs

The Inspector's exit debrief is a crucial component of the inspection process. On the last day of the on-site phase of an inspection, the Inspector presents the preliminary findings of the inspection to a cross-section of Head Office and local management and staff. Starting in late 2009, PowerPoint has been used to complement the oral presentation. This development has been well received. Copies of the exit debrief presentations are provided on a not-for-publication basis to the Minister, key Departmental personnel and other relevant parties. A similar, but more selective and less detailed debrief, is offered to prisoners and detainees.

Although not a substitute for the inspection report, the exit debrief provides a very good indicator of the tone and broad direction of the report itself. In some cases, depending on the nature of the inspection, the exit debrief will contain interim recommendations. Importantly, the exit debrief gives the Department the opportunity to consider findings and to commence the process of addressing some of the problems without delay. This year the Office presented seven exit debriefs.<sup>10</sup>

<sup>9</sup> While some detail around the progress against previous recommendations is contained within reports 64 and 65, no rating was provided within the report. These reports are therefore excluded from this table.

<sup>10</sup> Four of the exit debriefs related to prisons (Greenough, Hakea, Casuarina and Karnet) and one related to a juvenile detention centre (Rangeview). In addition, exit debriefs were provided for the inspection of activities undertaken through the *District Court Building Services Contract* and the *Thematic Inspection of the Court Security and Custodial Services Contract*.

### Liaison Visits

The full value of an inspection system cannot be realised if activities are limited to a formal, announced inspection of every facility once every three years coupled with the occasional unannounced inspection. What is needed is a process of 'continuous inspection' so that performance and risks are monitored and identified for the Minister, the Government and Parliament on an ongoing basis.

'Liaison visits' are one of the most important tools that the Inspector uses to meet these goals. Liaison visits allow the Office to understand the dynamics and culture of the state's prisons and custodial services and provide the capacity to monitor the progress of a prison between inspections. This allows the Inspector to alert local management, the Minister and the Commissioner of the Department of Corrective Services to any identified risks and issues.

Every prison and detention centre is the subject of a structured formal liaison visit at least three times a year but usually four times per year. Each work camp receives at least one liaison visit each year. Custody centres are visited on a risk-assessment basis, but generally once each year.

In the normal course of events, the Office targets to achieve 90 such visits per year. This year the Office achieved its visit target, completing 90 liaison visits.

### Thematic Reviews and Issues Papers

Pursuant to sections 21 and 22 of the *Act*, the Inspector may also undertake occasional inspections of custodial places or services, and these may take the form of thematic reviews. Thematic reviews are generally targeted at specific custodial services across all custodial places throughout Western Australia and are conducted over a longer time frame than mandatory inspections under section 19.

In the 2009-10 financial year the *Thematic Review of Court Security and Custodial Services* was completed and was published as Report 65 (see above).

A draft thematic review was also produced into the causes, impact and remediation of overcrowding in Western Australian prisons. For various reasons this draft was not developed for publication but many of its central themes are being considered in the course of inspection reports involving specific sites.

Issues Papers are a more recent innovation. They aim to enhance official, professional and community understanding of a topical or controversial issue. They provide a means for the Office to express a view and / or to seek comment from experts, the Department, other agencies and the public.

In 2009-10, an Issues Paper was published with respect to the Government's proposal to redevelop the existing Rangeview Remand Centre as a prison for young adult males, and to transfer all juveniles to the Banksia Hill site. The paper was very supportive of the proposal and made a number of suggestions with respect to the legislative and policy arrangements surrounding an 'intermediate' age group prison of this sort. It also emphasised the importance of ensuring that innovative strategies of this sort meet the high needs of many young Aboriginal prisoners.

### Terrorism (Preventative Detention) Act 2006

Under the *Terrorism (Preventative Detention) Act 2006* the Inspector is required to be notified should any person be detained under this Act and to inspect the conditions of that detention. This year, no incidents of detention were noted under this *Act*.

### A New Audit Function

In September 2009 the Government issued its response to the recommendations of the Coroner's inquiry into the death of Mr Ward in the back of a prison transport van en route from Laverton to Kalgoorlie. The Coroner's first two recommendations related to this Office.

As part of the Government response, the Honourable Christian Porter MLA, Attorney General and Minister for Corrective Services, announced that legislation would be designed 'to empower the Inspector to audit a certain proportion of the total population of persons in custody every year'. The Office is also to be given the power to issue a 'show cause' notice in cases of particularly serious risk to the health, wellbeing and safety of persons in custody.

Pursuant to this, in May 2010 the Minister announced that the 2010-2011 State Budget included additional funding for the Inspector to undertake this function.

Commensurate with these announcements, this Office has commenced work on the legislative and operational frameworks necessary to support this function.

## 5. Trends in Correctional Management

2009-2010 was a particularly challenging year for the Department of Corrective Services as a result of a very rapid increase in prisoner numbers. The primary immediate cause of the increase was the sharp drop in the number of people on parole (from over 1400 in April 2009 to fewer than 600 in June 2010). The underlying causes also include inadequate investment in additional prison infrastructure in the period from 2006 to 2008.

The government has embarked on an ambitious program of increasing the number of prison beds but the speed of growth in the prison population in 2009-2010 meant that the system as a whole was under enormous pressure. Most of the new capacity is also being created by adding extra beds to cells that were originally designed for single occupancy. It is most regrettable that 'double bunking' of single cells has become the norm across so much of the system and it is a tribute to staff, management and prisoners that such a stressful year passed without serious incident. However, overcrowding has caused many negative effects and has also hindered positive improvements in a number of areas.

Over the course of the year the Office noted a number of trends in the Department's custodial management. Some of these were positive trends:

- Major improvements to prisoner transport, including the introduction of coaches and aeroplanes on many long distance routes.
- A significant increase in the number and scope of programs delivered to prisoners.
- The continuing recruitment and training of a substantial number of new prison officers.
- Improvement to the staffing levels at court custody centres.
- The announcement of additional funding to commence work on the building of new facilities and to expand the bed capacity within existing prisons.
- Commencement of works at Derby for a new prison facility.
- Reduced escapes from custody.
- Reduced rate of prisoner to staff and prisoner to prisoner assaults.
- Announced expansion of work camp initiatives.

Other trends were less than positive:

- Continued growth in prisoner numbers to record levels.
- Continued growth in juvenile detainee numbers to record levels.
- The consequences of overcrowding in terms of the deteriorated conditions of prisoners and staff and the reduced ability of prisoners to undertake useful employment activities and to access other services.
- The increasing cost of holding a large number of prisoners in facilities above their security risk profile.

- The large number of Aboriginal prisoners from regional areas still being held in the metropolitan area.
- An increase in the number of deaths in custody.<sup>11</sup>
- Ongoing concerns around health service provision.
- The presence of a large number of inexperienced custodial officers and a dearth of substantive senior officers in many prisons.
- Increasing number of acting superintendents and acting administrative teams in prisons.
- The devolution of core strategic direction through the disbanding of the Women's Custodial Services Directorate and the realignment of the Assistant Commissioner Aboriginal Justice function within the Department.
- A decline in the functioning and coverage of the Aboriginal Visitor Service.

Many, but not all, of these more negative trends reflect the increase in prisoner numbers and the overcrowded operational environment.

## 6. Environmental Health Assessments

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In an agreement with the Public Health Division of the Department of Health and under the terms of the *Inspector of Custodial Services Act 2003*, this Office undertook seven environmental health and sustainability assessments this financial year. The information from these assessments has been included in this Office's published inspection reports.

## 7. Independent Visitor Scheme and Community Relations

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### Community Relations

Consulting with volunteer organisations and externally located stakeholders, which provide services in custodial settings is an essential component of inspections. Similarly, local members of parliament, mayors, shire presidents and local community members are given the opportunity to comment on how correctional activities fit into their communities. This year, five community consultations were held.

The Office continued to further develop links with the Aboriginal community across Western Australia through effective communication and networking by the Community Liaison Officer. The Inspector would like to acknowledge the contribution made by and to thank all community-based individuals and groups contributing to the activities of the Office this year.

### Independent Visitor Scheme

The Independent Visitors' Scheme is administered by the Inspectorate and is an integral part of its accountability mechanism. Independent Visitors provide an opportunity for officers in prisons and juvenile facilities, and people held in custody to express their views, comments and complaints about their treatment and conditions to an impartial community volunteer. Feedback is reported to the Inspector, who recognises the valuable contribution made by Independent Visitors and acknowledges their voluntary efforts.

This year saw the passing of Barry Smith, Independent Visitor to Albany Regional Prison as well as more recently to Casuarina Prison and Wooroloo Prison Farm. Barry was a committed and well respected Independent Visitor and will be missed. This year also saw the retirement of the long standing manager of this scheme, Diane Broadby. This Office takes this opportunity to thank Diane for her efforts and to wish her well in her future.

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<sup>11</sup> There were eight deaths, of which five were identified as potential suicides. In the previous three years the number of deaths have ranged from two to five per year with only one identified per year as a suicide.

At the completion of the year there were 33 Independent Visitors covering the adult and juvenile custodial estates. After an extended period without an Independent Visitor presence, Eastern Goldfields Regional Prison and Roebourne Regional Prison benefited from a concerted recruitment drive in late 2009, with both facilities now having two Independent Visitors. A total of 127 reports were submitted by the Independent Visitors and were referred to the Department of Corrective Services for action. A high number of complaints related to custodial facilities and conditions and to health services.

## 8. Performance Enhancement

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### Inspection Standards

In 2007 the Office published its Code of Inspection Standards for Adult Custodial Services. Since that time these standards have been further developed and extended to include a major new set of inspection standards for Aboriginal prisoners (2008).

This year the Office published a draft set of juvenile justice standards for comment. The comments have been very positive and the standards will be finalised and published in the second half of 2010 in light of the comments received.

## 9. Community of Practice

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The Office of the Inspector of Custodial Services is recognised as a leader in the field of best custodial practices and human rights for those in detention. Increasingly, the Office is being asked to act in a consultative capacity to organisations in other jurisdictions seeking to investigate custodial practices or establish similar accountability offices.

Examples of the contribution that this Office has made are detailed below.

- Conduct of the Australian Research Council Linkage Project entitled Applying Human Rights Legislation in Closed Environments in partnership with Monash University and the Ombudsman of Victoria.
- The Inspector is Rapporteur for the Asian and Pacific Conference of Correctional Administrators, which was held in Perth in 2009.
- The Inspector presented at a seminar hosted by the Australian Human Rights Commission and the Asia Pacific Forum of National Human Rights Institutions, Sydney.
- Office staff attended the 22<sup>nd</sup> Annual Australian New Zealand Society of Criminologist conference Perth.
- The Inspector presented to: the District Court Judges of Western Australia; the Magistrates of Western Australia; the Western Australian Bar Association; senior managers in the Western Australia Police; a national Aboriginal legal services forum; and the Western Australian Prison Officers' Union.
- A senior member of the Korea Ministry of Justice completed a two-year secondment at the Office to explore external accountability models. Mr Byeong Heon Jeong's work comparing accountability mechanisms in Korea and Western Australia and his wider contribution to the activities of this Office are acknowledged and appreciated.

## 10. Relationship with Other Agencies

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The Inspector recognises that many matters falling within his jurisdiction raise or arise out of factors that go far beyond the scope of the Department of Corrective Services. It is important for this Office to be able to reach out beyond the Department whose activities the Inspector scrutinises directly. Section 27 of the *Act* provides the statutory basis for these activities.

In this respect the Office maintains contact with private contractors and other agencies involved in the provision of custodial services within its jurisdiction. The purpose is to ensure that the service standards expected by the Inspector are clearly understood. This year, representatives from this Office met formally with such private contractors and other agencies on a monthly basis and at other times as required.

Representatives from the Office also met with the Ombudsman and his staff to further develop options for information sharing and to develop a closer working relationship.

### 11. Relationship with Parliament

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The statutory scheme of the *Inspector of Custodial Services Act 2003* places Parliament at the forefront of the Inspector's reporting responsibilities. The Inspector tables reports in Parliament directly, not through the Minister. This accountability model is designed to allow the Parliament to evaluate the performance and objectives of the Department of Corrective Services by way of the Inspector's reports.

During 2009-10 the Office responded to two requests to give evidence from the Public Administration Committee of the Legislative Council regarding specific issues in the correctional setting. The Office also provided written and oral evidence to the Community Development and Justice Standing Committee in regards to *An Inquiry into the Efficiency and Effectiveness of Prisoner Education Training and Employment Strategies*. In addition, the Office provided a submission to the Standing Committee for Environment and Public Affairs with respect to its *Inquiry into the Transportation of Detained Persons*.

The Inspector welcomes these opportunities to provide ongoing comment and clarification of his views on correctional issues to Parliament. It is a fundamental belief of this Office that well-informed parliamentarians are a very important safeguard for balanced criminal justice policies and for the rights of both staff and people in custody.

### 12. Disclosure of Information

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This Office regularly receives letters and telephone calls regarding the performance of prisons from prisoners, relatives and friends of prisoners, lawyers and various agencies. Under section 26 of the *Act* the Office may only refer such matters to another agency or deal with them within the context of an inspection. This year 130 such letters were received.

### 13. Offences

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The *Act* contains a number of offences relating to the hindering and obstruction of the Inspector and those authorised by him to undertake their statutory duties. It is also an offence to victimise those who assist the Inspector in conducting his duties. Penalties for these offences include fines and imprisonment. The existence of these offences is an important symbol to ensure that the Inspector can effectively operate, particularly in protecting those who are brave enough to bring serious matters to the attention of the Inspector that may otherwise not come to light. In 2008-09 the Inspector was not presented with any circumstances that required him to consider charges for breaches of the *Act*.

### 14. New Legislation.

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No new legislation impacting on the Inspectorate was enacted this financial year.

## Part Two – Corporate Governance

### Source Reference

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FMA sec 61  
TI 902

HON CHRISTIAN PORTER MLA  
MINISTER FOR CORRECTIVE SERVICES

In accordance with section 61 of the *Financial Management Act 2006*, the Annual Report of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2010.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and the *Inspector of Custodial Services Act 2003*.



Neil Morgan  
Accountable Authority

3 August 2010

### Contact Details

#### Postal

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Perth  
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#### Electronic

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Email: [corporate@oics.wa.gov.au](mailto:corporate@oics.wa.gov.au)  
Telephone: 61 8 9212 6200  
Facsimile: 61 8 9226 4616

## Operational Structure

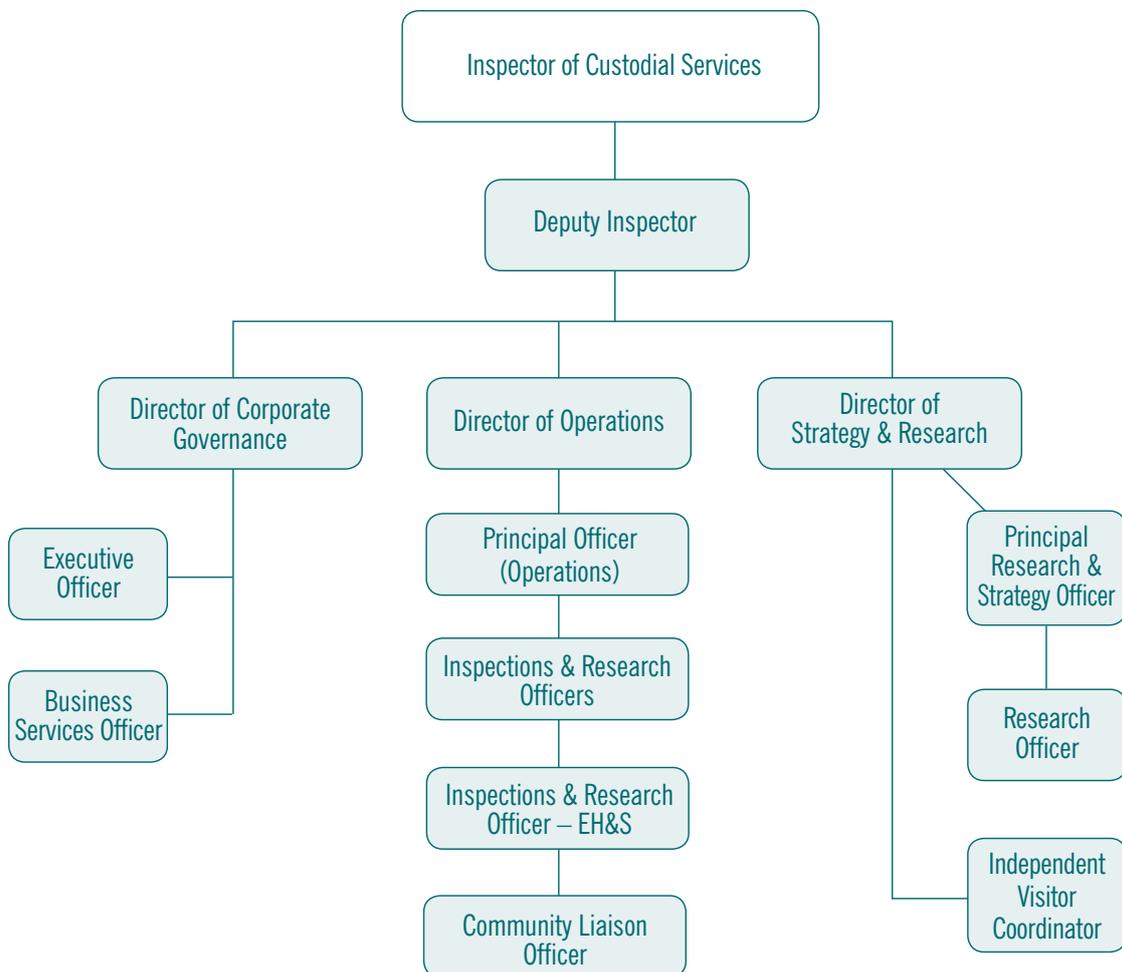
### Enabling legislation

The Office was established as a department under the *Public Sector Management Act*, on 1 June 2000.

### Responsible Minister

The Hon. Christian Porter, MLA, Attorney General and Minister for Corrective Services.

### Organisational Chart



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## Senior Officers

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### *Professor Neil Morgan (The Inspector of Custodial Services)*

Appointed Inspector on 30 March 2009, Neil Morgan is the second Inspector of Custodial Services in Western Australia, following Professor Richard Harding. He was Professor of Law at the University of Western Australia, a member of the Parole Board of Western Australia, and Director of Research for the Western Australia Law Reform Commission project on Aboriginal Customary law.

He has been Rapporteur for the Asian and Pacific Conference of Correctional Administrators for the past decade and a consultant to numerous government departments and other agencies in Australia.

His research has focused mainly on criminal law, sentencing and the administration of sentences in Australia and in the Asia Pacific region. Recent publications include *Criminal Law in Malaysia and Singapore* (with Stanley Yeo and Chan Wing Cheong), LexisNexis, Singapore, 2007; *Criminal Law in Malaysia and Singapore: A Casebook Companion* (with Stanley Yeo and Chan Wing Cheong), LexisNexis, Singapore, 2009; and *Implementing the Optional Protocol to the Convention Against Torture: Options for Australia (2008)* (with Richard Harding) – [www.hreoc.gov.au/human\\_rights/publications](http://www.hreoc.gov.au/human_rights/publications).

### *Barry Cram (Deputy Inspector)*

Barry was appointed Deputy Inspector in the Office of the Inspector of Custodial Services in November 2007. Barry has a background in clinical and organisational psychology, reform and change management in the public sector, and eight years experience in senior management positions in corrections. He has a Bachelor of Education, a Master of Arts in Psychology and a post-graduate Diploma in Clinical Psychology.

Barry joined the Ministry of Justice in September 1998 to establish and lead the Prisons Improvement Program, a comprehensive change program initiated with a view to reforming and improving the performance of the prison system in Western Australia. Barry subsequently occupied the positions of Director Business Management, Director Court Security and Prisoner Transport, and Director Offender Services in the Ministry of Justice and the Department of Corrective Services.

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## Administered Legislation

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The Office is the administering agency for the *Inspector of Custodial Services Act 2003*.

The Office is exempt from the *Freedom of Information Act 1992* and the *Parliamentary Commissioner Act 1971* in accordance with Schedule 2, Clauses 4 and 5 of the *Inspector of Custodial Services Act 2003*.

### Other Key Legislation Impacting on the Office's Activities

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In the performance of its functions, the Office complies with the following relevant written laws:

*Bail Act 1982*  
*Corruption and Crime Commission Act 2003*  
*Court Security and Custodial Services Act 1999*  
*Crime (Serious and Repeat Offenders) Sentencing Act 1992*  
*Criminal Law (Mentally Impaired Defendants) Act 1996*  
*Equal Opportunity Act 1984*  
*Evidence Act 1906*  
*Fines, Penalties and Infringement Notices Enforcement Act 1994*  
*Interpretation Act 1984*  
*Occupational Health and Safety Act 1984*  
*Parole Orders (Transfer) Act 1984*  
*Prisoners (Interstate Transfer) Act 1983*  
*Prisoners (Release for Deportation) Act 1989*  
*Prisons Act 1981*  
*Dangerous Sexual Offenders Act 2006*  
*Disability Services Act 1993*  
*Parliamentary Commissioner Act 1971*  
*Public Sector Management Act 1994*  
*Racial Discrimination Act 1975*  
*Sentence Administration Act 1995*  
*Terrorism (Preventative Detention) Act 2006*  
*Victims of Crime Act 1994*  
*Young Offenders Act 1994*

In the financial administration of the Office, we have complied with the requirements of the *Financial Management Act 2006* and every other relevant written law. We have exercised controls which provide reasonable assurance that the receipt and expenditure of money and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing, the Office is not aware of any circumstances that would render the particulars included in this statement misleading or inaccurate.

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## Performance Management Framework

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### Outcome Based Management Framework

Agency level Government desired outcome: The Parliament, Minister and other stakeholders are informed about the performance of custodial services.

Service: Inspection and review of custodial services

### Shared Responsibilities with Other Agencies

The Office did not deliver services jointly with any other agency in 2009/10.

## Summary of Key Performance Indicators: actual performance compared to budget targets

	2009-10 Target (000's)	2009-10 Actual (000's)	Variation (000's)
<p>Outcome: The Parliament, Minister and other stakeholders are informed about the performance of custodial services.</p> <p>Key Effectiveness Indicators</p> <p>The extent to which the Department of Corrective Services and, where relevant, other agencies accept recommendations contained in reports.</p>	80%	90%	10%
<p>Service: Inspection and Review of Custodial Services</p> <p>Key Efficiency Indicators</p> <p>Average cost per Inspection Report</p> <p>Average cost per Liaison Visit Report</p> <p>Average cost per Exit Debrief</p> <p>Average cost per Independent Visitor Scheme Report</p> <p>Average cost per Ministerial Advice</p> <p>Average cost per Issues Paper</p>	<p>\$145</p> <p>\$5</p> <p>\$35</p> <p>\$1</p> <p>\$5</p> <p>\$55</p>	<p>\$221</p> <p>\$5</p> <p>\$69</p> <p>\$1</p> <p>\$4</p> <p>\$49</p>	<p>\$76</p> <p>-</p> <p>\$34</p> <p>-</p> <p>(\$1)</p> <p>(\$6)</p>

## Key Performance Indicators

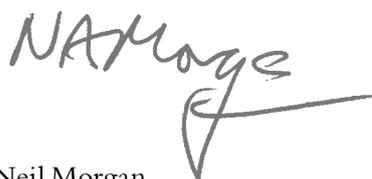
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### Certification of Key Performance Indicators

#### Source Reference

TI 905

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Inspector of Custodial Service's performance, and fairly represent the performance of the Office for the financial year ended 30 June 2010.

A handwritten signature in black ink, appearing to read "NAMorgan", with a long horizontal stroke extending to the right.

Neil Morgan  
3 August 2010

## Detailed Information in Support of Key Performance Indicators

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The Office's services are prescribed by the *Office of the Inspector of Custodial Services Act 2003* as functions of the Office. These services are directly related to the Office's desired outcomes, which in turn, are linked to the Governance and Public Sector Improvement goal – one of the five goals of Government in achieving its strategic outcomes.

The Office reports to two Parliamentary Committees – The Legislative Assembly Community Development and Justice Committee and the Legislative Council Standing Committee on Finance and Administration. Other Parliamentarians receive briefings as requested.

### Measuring Performance

#### Government Goal

Social and environmental responsibility.

#### Desired Outcome

The Parliament, Minister and other stakeholders are informed about the performance of custodial services.

#### Mission

To establish and maintain an independent, expert and fair inspection service so as to provide Parliament, the Minister, stakeholders, the media, and the general public with up-to-date information and analysis about prison and detention centre operations and custodial services, so that debate and discussion may be enhanced as to whether and to what extent the key objectives of these activities are being achieved.

### Key Effectiveness Indicators

#### Inspection Reports

The extent to which the Department of Corrective Services ('the Department') and, other agencies accept recommendations contained in Reports.

Inspection report recommendations are classified according to ten types. The types of recommendations that can be made are listed in the key effectiveness table shown later in this report. It is not the role of the Inspectorate to make detailed recommendations about daily operational matters. Indeed, to do so would be to presume that there is only one correct way of doing things. Manifestly, in day-to-day operations that is not the case. Inspections are not compliance audits, but strategic assessments. That being so, the Office looks to the Department to respond in a strategic manner.

It follows from this that, when recommendations are made, it will be understood that the matters covered have high priority. It would be expected that these recommendations would be rejected or ignored only in quite unusual circumstances.

By deliberate choice and with a *view to optimising effectiveness*, the Office has sought to minimise the number of recommendations to 50.

While the Inspector reports directly to Parliament he has access to the Minister and it is therefore possible for the Inspector to by-pass the Department if he considers it necessary. As part of the ministerial advice activity the concept of a risk identification notice has been developed, which goes straight to the Minister so that he in turn can exert downward pressure upon the Department to tackle an issue.

As well as classifying the recommendations we have also developed a risk rating that should indicate the acceptable speed at which a recommendation is addressed. The Department has also done this, though our ratings do not always coincide. Each routine phase inspection report includes a score card which assesses the Department's progress against previous inspection report recommendations. The Department's implementation of each recommendation is assessed as follows:

- Excellent;
- More than acceptable;
- Acceptable;
- Less than acceptable; and
- Poor.

#### **Service 1: Inspection and review of custodial services**

Inspection of prisons, court custody centres, prescribed lock-ups, juvenile detention centres and review of custodial services.

Each tabled Inspection Report contains the Department's response to recommendations. These then go onto the public record. This approach provides the opportunity for lobby groups, NGOs and the like to see for themselves what the Department has nominally committed to do and how it is rated in its implementation of such recommendations.

#### **Key Efficiency Indicators**

There are six main types of activities emanating from the inspection and review function. The key efficiency indicators are as follows:

- the mean cost per inspection, thematic review and directed review point;
- the mean cost per liaison visit<sup>12</sup>;
- the mean cost per inspection exit debrief;
- the mean cost per independent visitor scheme report;
- the mean cost per issues paper; and
- the mean cost per ministerial advice.

In regards to the first efficiency indicator only a point system is used to assign costs.

The inspections are *mandated* by statute. It is required that places of custody be inspected 'at least every three years' (*Inspector of Custodial Services Act 2003*, s.19). There are 14 prisons and two detention centres in Western Australia and 18 court custody centres that are within the Inspector's jurisdiction. The remainder are statutorily authorised but not mandated.

The Inspections, Thematic Reviews and Directed Reviews are assigned a notional value, as follows:

Inspections	1.0
Aggregated court custody centre inspections	1.0
Inspection of other custodial services	1.0
Thematic and directed reviews	3.0

An annual value of at least 7.5 points is regarded as an acceptable minimum.

<sup>12</sup> Liaison visits are part of the Inspector's policy of 'continuous inspections'.

### Key Effectiveness Indicator

The extent to which the Department of Corrective Services (DCS) and, where relevant, other agencies accept recommendations contained in reports.

Type of Recommendation	Target	2006-07	2007-08	2008-09	2009-10 <sup>13</sup>
1. Custody and security	75%	85%	92%	100%	80%
2. Care and wellbeing	75%	80%	81%	100%	77%
3. Health	75%	71%	90%	100%	100%
4. Rehabilitation	75%	100%	80%	91%	33% <sup>14</sup>
5. Reparation	75%	80%	100%	100%	Nil <sup>15</sup>
6. Human rights	100%	100%	100%	100%	100%
7. Racism, Aboriginality & equity	100%	89%	100%	75%	100%
8. Administration and accountability	50%	93%	75%	79%	43% <sup>16</sup>
9. Staffing issues	50%	100%	97%	100%	92%
10. Correctional value-for-money	50%	100%	78%	67%	100%

### Key Efficiency Indicator — Service 1: Prison Inspection and Review of Custodial Services

Key Effectiveness Indicator	Target	2006-07	2007-08	2008-09	2009-10 <sup>17</sup>
Inspection report points	7.5	9	10	9.5	8
Average cost per inspection report	\$145,000	\$100,301	\$139,251	\$160,824	\$221,600
Liaison visit reports	90	93	94	95	90
Average cost per liaison visit report	\$5,000	\$5,173	\$5,208	\$5,331	\$4,959
Exit debrief	5	5	8	5	5
Average cost per exit debrief	\$35,000	\$35,400	\$31,339	\$76,392	\$69,385
Independent Visitors' Scheme reports	90	116	121	132	126
Average cost per Independent Visitors' Scheme report	\$1,000	\$1,621	\$1,151	\$976	\$951
Ministerial advices	12	19	12	14	12
Average cost per ministerial advice	\$5,000	\$5,279	\$5,214	\$4,948	\$4,233
Issues paper	1	0	1	0	1
Average cost per issues paper	\$55,000	0	\$53,594	0	\$48,777

13 The number of recommendations was smaller this year but a greater number were of a strategic nature and hence the acceptance levels within some types of recommendations may vary when compared to previous years.

14 The number of recommendations in this category was small. Hence, the non-acceptance of even a small number of recommendations had a marked influence on the reported percentage and may not accurately reflect the Department's true position.

15 The number of recommendations in this category was small. Hence, the non-acceptance of even a small number of recommendations had a marked influence on the reported percentage and may not accurately reflect the Department's true position.

16 There were seven recommendations, four of which were not accepted.

17 The efficiency indicators have been reviewed to better reflect the actual effort of the Inspectorate.

## Ministerial Directives

The Minister for Corrective Services has not exercised his powers pursuant to section 17(2)(b) of the *Inspector of Custodial Services Act 2003* (WA) in directing the Inspector to review a particular custodial service in relation to prisons, detention centres and court security custodial services.

## Other Financial Disclosures

### Source Reference

Employment and Industrial Relations

#### Staff Profile

	2009-10	2008-09
Full-time permanent	14	13
Full-time contract		
Part-time measured on an FTE basis	2	3
On secondment		1
	16	17

#### Staff Development

The Office is committed to developing its employees. Our strategy is to maintain a highly skilled, professional and fair workforce.

During the year, our employees received customised group training in report writing.

#### Workers' Compensation

There were no compensation claims recorded during the financial year.

## Governance Disclosures

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### Source Reference

TI 903      **Contracts with Senior Officers**

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interest had any interests in existing or proposed contracts with the Office and Senior Officers.

## Other Legal Requirements

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### Source Reference

Public Sector      **Compliance with Public Sector Management Act Section 31(1)**  
 Management Act

Section 31(1)

1. In the administration of the Office, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1 is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:      nil

Number of breaches found, including details of multiple breaches per application:      nil

Number still under review      nil



Neil Morgan  
 Inspector of Custodial Services

3 August 2010

**TI 903 Electoral Act 1907 section 175ZE**

In compliance with section 175ZE of the *Electoral Act 1907*, the Office is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Details are as follows:

<b>Expenditure with Advertising Agencies</b>	<b>\$0</b>
<b>Expenditure with Market Research Agencies</b>	<b>\$0</b>
<b>Expenditure with Polling Agencies</b>	<b>\$0</b>
<b>Expenditure with Direct Mail Agencies</b>	<b>\$0</b>
<b>Expenditure with Media Advertising Agencies</b>	<b>\$0</b>
<b>TOTAL EXPENDITURE</b>	<b>\$0</b>

### **Disability Access and Inclusion Plan Outcomes**

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*(Disability Services Act 1993, s29)*

The *Disability Services Act 1993* was amended in December 2004, creating a requirement for public agencies to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans were required to be developed by July 2007 and replaced existing Disability Services Plans.

The Office developed a Disability Access and Inclusion Plan which was approved by the Disability Services Commission. This Plan is available on the Office's website.

The Office is now committed to disability services and demonstrates this by the following means:

- ensuring that people with disabilities, their families and carers enjoy the same access to reports as the rest of the community. For example, upon request, the Office has made its reports available in audio format for people with sight impairment; and
- progressing the six desired outcomes of its DAIP.

The Office's DAIP includes an implementation plan designed to achieve each of the six desired outcomes during 2010/11.

### **Recordkeeping Plans**

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The State Records Commission approved the Office's recordkeeping plan in December 2005. This plan has since been partially implemented and has recently been updated with amendments. In October 2009 it was resubmitted to the State Records Commission for re-approval for a period of five years.

On-line training in records management continues to be provided to staff upon commencing employment at the Office. The Office stores its archival information offsite with the State Government's approved storage contractor.

## Occupational Safety and Health

The Office recognises the importance of avoiding hazards by providing a safe, healthy and injury-free work environment, and promoting education and awareness in occupational safety and health when required. To date, the Office has been an injury-free environment.

Management ensures that there is always an open line of communication with staff to discuss occupational safety and health matters. A revised policy on occupational safety and health is available in the Office's Human Resource Manual.

The Office endeavours to comply with all the requirements of the *Workers' Compensation and Injury Management Act 1981* by exercising good management and initiatives both in the Office and on location.

The Inspectorate has completed an external accredited assessment of its occupational safety and health management systems. Identified gaps and recommendations are in the process of being implemented.

### Annual Performance for 2009/10

Performance Indicator	Target	Actual
Number of fatalities	0	0
Lost time injury/diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Return to work within 28 weeks	100 per cent	n/a
Percentage of managers trained in occupational safety, health and injury management responsibilities	50 per cent	60 per cent

## Sustainability

The Office supports environmental sustainability and demonstrates this by having its own Sustainability Action Plan. Staff members adhere to sustainability measures wherever possible on a day-to-day basis by the following means:

- Using recycled paper for photocopying and printing;
- Reducing the vehicle fleet from six to five;
- Replacing vehicles (6-cylinder) with smaller vehicles (4-cylinder);
- Using recycled printer and toner cartridges;
- Printing documents on both sides of paper;
- Turning off personal computers each evening; and
- Turning off lighting during the day in meeting and file rooms.

## Corruption Prevention

The risk of corruption and misconduct has been considered and included in the Inspectorate's risk management system.

An induction manual is issued to new staff members, which includes a code of conduct, a code of ethics, conflict of interest guidelines and a checklist of personal commitments required of all employees. These documents are also readily available to all staff through the human resource management policy manual.

These processes are aimed at ensuring that staff members are aware of their responsibilities with the primary objective of ensuring that standards are maintained and to encourage improvement where appropriate.

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## Part Three – Financial Statements

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### Source Reference

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FMA sec 62(2) The accompanying financial statements of the Office of the Inspector of Custodial Services have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2010 and the financial position as at 30 June 2010.

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



Derek Summers CPA  
Chief Finance Officer

3 August 2010



Neil Morgan  
Accountable Authority

3 August 2010



## Auditor General

### **INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

### **OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010**

I have audited the accounts, financial statements, controls and key performance indicators of the Office of the Inspector of Custodial Services.

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

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

#### **Inspector of Custodial Services' Responsibility for the Financial Statements and Key Performance Indicators**

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

#### **Summary of my Role**

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

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term 'reasonable assurance' recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Office of the Inspector of Custodial Services  
Financial Statements and Key Performance Indicators for the year ended 30 June 2010**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Office of the Inspector of Custodial Services at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Office provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Office are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended 30 June 2010.



COLIN MURPHY  
AUDITOR GENERAL  
11 August 2010

## Statement of Comprehensive Income

For the year ended 30 June 2010

<b>COST OF SERVICES</b>		<b>2010</b>	<b>2009</b>
		\$	\$
<b>Expenses</b>			
Employee benefits expense	6.	2,001,749	1,806,582
Supplies and services	7.	545,151	560,697
Depreciation	8.	23,071	17,278
Accommodation expenses	9.	205,607	232,743
Other expenses	10.	15,034	13,202
<b>Total cost of services</b>		<b>2,790,612</b>	<b>2,630,502</b>
<b>Income</b>			
<i>Revenue</i>			
Other Revenue	11.	5,188	15,489
<b>Total revenue</b>		<b>5,188</b>	<b>15,489</b>
<b>Gains</b>			
Gain on disposal of non-current asset	12.	-	600
<b>Total Gains</b>		<b>-</b>	<b>600</b>
<b>Total income other than income from State Government</b>		<b>5,188</b>	<b>16,089</b>
<b>NET COST OF SERVICES</b>		<b>2,785,424</b>	<b>2,614,413</b>
<b>Income from State Government</b>			
Service Appropriation	13.	2,435,000	2,819,000
Resources received free of charge	13.	5,411	-
<b>Total income from State Government</b>		<b>2,440,411</b>	<b>2,819,000</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(345,013)</b>	<b>204,587</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(345,013)</b>	<b>204,587</b>

Refer to the 'Schedule of Income and Expenses by Service'

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

## Statement of Financial Position

As at 30 June 2010		2010 \$	2009 Restated \$	As at 1 July 2008 Restated \$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents (b)	23.	6,360	15,209	20,608
Receivables	15.	23,513	66,535	13,135
Amounts receivable for services (c)	16.	12,000	12,000	12,000
<b>Total Current Assets</b>		<b>41,873</b>	<b>93,744</b>	<b>45,743</b>
<b>Non-Current Assets</b>				
Restricted cash and cash equivalents (b)	14, 23.	27,323	27,323	15,500
Plant and equipment	17.	38,190	49,136	48,774
Amounts receivable for services (c)	16.	74,000	52,000	48,000
<b>Total Non-Current Assets</b>		<b>139,513</b>	<b>128,459</b>	<b>112,274</b>
<b>TOTAL ASSETS</b>		<b>181,386</b>	<b>222,203</b>	<b>158,017</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	19.	133,972	150,062	188,080
Provisions (d)	20.	265,609	288,736	420,270
Other current liabilities	21.	300,000	-	-
<b>Total Current Liabilities</b>		<b>699,581</b>	<b>438,798</b>	<b>608,350</b>
<b>Non-Current Liabilities</b>				
Provisions (d)	20.	107,404	85,991	76,840
<b>Total Non-Current Liabilities</b>		<b>107,404</b>	<b>85,991</b>	<b>76,840</b>
<b>TOTAL LIABILITIES</b>		<b>806,985</b>	<b>524,789</b>	<b>685,190</b>
<b>NET ASSETS</b>		<b>(625,599)</b>	<b>(302,586)</b>	<b>(527,173)</b>
<b>EQUITY</b>				
Contributed Equity	22.	131,000	109,000	89,000
Accumulated surplus/(deficiency) (a)	22.	(756,599)	(411,586)	(616,173)
<b>TOTAL EQUITY</b>		<b>(625,599)</b>	<b>(302,586)</b>	<b>(527,173)</b>

Refer to the 'Schedule of Assets and Liabilities by Service'.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

(a) The Office has a correction of an error, as outlined in note 22. 'Equity', has caused a restatement of the accumulated surplus/deficit for 2008-09.

In accordance with AASB 101.39 a third statement of financial position and related note disclosures have been presented due to the following:

(b) The Office has reclassified the balance held in the Accrued Salaries Suspense Account from Current Restricted Cash and Cash Equivalents to Non-Current Restricted Cash and Cash Equivalents.

(c) The Office has reclassified the non current portion of amounts receivable for services so the amount that is to be draw down from the holding account within the 12 months of the end of the reporting period is reflected in the current amounts receivable for services.

(d) The Office has restated the employment on costs provision in note 20. 'Provisions' to correctly reflect only the workers compensation insurance on cost value. The superannuation on costs have been allocated to annual leave and long service leave provisions.

<b>Statement of Cash Flows</b>	<b>2010</b>	<b>2009</b>
For the year ended 30 June 2010	\$	\$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Service appropriations	2,401,000	2,803,000
Capital contributions	22,000	20,000
Holding account drawdowns	12,000	12,000
Treasurer's Advance	300,000	-
<b>Net Cash provided by State Government</b>	<b>2,735,000</b>	<b>2,835,000</b>
Utilised as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Payments</b>		
Employee benefits (a)	(2,004,265)	(1,933,964)
Supplies and services	(561,066)	(554,481)
Accommodation	(205,607)	(300,375)
Other expenses	(15,034)	(13,202)
GST payments on purchases	(80,845)	(94,696)
GST payments to taxation authority	-	(8,633)
<b>Receipts</b>		
GST receipts on sales	694	1,600
GST receipts from taxation authority	86,446	99,854
Other Receipts	48,210	8,381
<b>Net cash provided by/(used in) operating activities</b>	<b>23. (2,731,467)</b>	<b>(2,795,516)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of non-current physical assets	-	600
Purchase of non-current physical assets	(12,382)	(33,660)
<b>Net cash provided by/(used in) investing activities</b>	<b>(12,382)</b>	<b>(33,060)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(8,849)</b>	<b>6,424</b>
Cash and cash equivalents at the beginning of period	42,532	36,108
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>23. 33,683</b>	<b>42,532</b>

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

(a) The 'Superannuation' category that was reported in 2008-09 has been reclassified and grouped with the 'Employee benefits' category.

## Statement of Changes in Equity

For the year ended 30 June 2010

		Contributed Equity	Accumulated surplus/(deficit)	Total Equity
Balance at 1 July 2008	22.	89,000	(616,173)	(527,173)
Total Comprehensive income for the year		-	275,744	275,744
Changes in accounting policy or correction of prior period errors (a)		-	(71,157)	-
Transactions with owners in their capacity as owners:				
Capital contributions		20,000	-	20,000
<b>Total</b>		<b>20,000</b>	<b>-</b>	<b>20,000</b>
<b>Balance at 30 June 2009</b>		<b>109,000</b>	<b>(411,586)</b>	<b>(302,586)</b>
Balance as at 1 July 2009		109,000	(411,586)	(302,586)
Total comprehensive income for the year		-	(345,013)	(345,013)
Transactions with owners in their capacity as owners:				
Capital contributions		22,000	-	22,000
<b>Total</b>		<b>22,000</b>	<b>-</b>	<b>22,000</b>
<b>Balance at 30 June 2010</b>		<b>131,000</b>	<b>(756,599)</b>	<b>(625,599)</b>

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

(a) The correction of prior period errors value of \$71,157 relates to a Treasurers Instruction 520 transfer of employees leave entitlements to the Office of Inspector of Custodial Services. The \$71,157 was originally recognised as 'Other revenue' in the Statement of Comprehensive Income in the 2008-09 financial statements. This has been corrected and the revised value of \$44,417 is reflected in the Statement of Financial Position note 20. Provisions in 2008-09.

### Summary of Consolidated Account Appropriations and Income Estimates

For the year ending 30 June 2010

	2010 Estimate \$	2010 Actual \$	Variance \$	2010 Actual \$	2009 Actual \$	Variance \$
<b>DELIVERY OF SERVICES</b>						
Item 97 Net amount appropriated to deliver services	2,095,000	2,244,000	149,000	2,244,000	2,417,000	(173,000)
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	223,000	191,000	(32,000)	191,000	402,000	(211,000)
<b>Total appropriations provided to deliver services</b>	<b>2,318,000</b>	<b>2,435,000</b>	<b>117,000</b>	<b>2,435,000</b>	<b>2,819,000</b>	<b>(384,000)</b>
<b>Capital</b>						
Item 167 Capital appropriations	22,000	22,000	-	22,000	20,000	2,000
<b>GRAND TOTAL</b>	<b>2,340,000</b>	<b>2,457,000</b>	<b>117,000</b>	<b>2,457,000</b>	<b>2,839,000</b>	<b>(382,000)</b>
<b>Details of Expenses by Services</b>						
Inspection and Review of Custodial Services	2,317,000	2,790,612	473,612	2,790,612	2,630,502	160,110
<b>Total Cost of Services</b>	<b>2,317,000</b>	<b>2,790,612</b>	<b>473,612</b>	<b>2,790,612</b>	<b>2,630,502</b>	<b>160,110</b>
Less total revenues from ordinary activities	(5,000)	(5,188)	(188)	(5,188)	(16,089)	10,901
Net Cost of Services	2,312,000	2,785,424	473,424	2,785,424	2,614,413	171,011
Adjustment	6,000	(350,424)	(356,424)	(350,424)	204,587	(555,011)
<b>Total appropriations provided to deliver services</b>	<b>2,318,000</b>	<b>2,435,000</b>	<b>117,000</b>	<b>2,435,000</b>	<b>2,819,000</b>	<b>(384,000)</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	34,000	12,382	(21,618)	12,382	33,660	(21,278)
Adjustments for other funding sources	(12,000)	9,618	21,618	9,618	(13,660)	23,278
<b>Capital appropriations</b>	<b>22,000</b>	<b>22,000</b>	<b>-</b>	<b>22,000</b>	<b>20,000</b>	<b>2,000</b>

Adjustments are related to movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 27 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010.

## Notes to the Financial Statements

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For the year ending 30 June 2010

### Note 1. Australian Accounting Standards

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#### *General*

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

The Office has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

#### *Early adoption of standards*

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Department for the annual reporting period ended 30 June 2010.

### Note 2. Summary of significant accounting policies

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#### (a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

#### (b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars.

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

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 'Key sources of estimation uncertainty'.

### (c) Reporting entity

The Office of the Inspector of Custodial Services is the reporting entity.

#### *Mission*

The Office's mission is to establish and maintain an independent, expert and fair inspection service so as to provide Parliament, the Minister, stakeholders, the media, and the general public with up-to-date information and analysis about prison and detention centre operations and custodial services, so that debate and discussion may be enhanced as to whether and to what extent the key objectives of these activities are being achieved.

The Office is funded by Parliamentary appropriations.

#### *Services*

The Office provides only one service which relates to inspection and review of custodial services. Hence the "Schedule of Income and Expenses by Services" has not been presented in the financial statements for the year ended 30 June 2010.

### (d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

### (e) Income

#### *Revenue recognition*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### *Service appropriations*

Service Appropriations are recognised as revenues at nominal value in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

#### *Net Appropriation Determination*

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the determination specified in the 2009-2010 Budget Statements, the Office retained \$5,188 in 2010 (\$15,489 in 2009).

#### *Gains*

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

## (f) Plant and equipment

### Capitalisation/expensing of assets

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

### Initial recognition and measurement

All items of plant and equipment are initially recognised at cost.

### Subsequent measurement

Subsequent to initial recognition as an asset, the cost model is used for plant and equipment. All items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

### Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Communications	5 years
Computer hardware	3 years
Leasehold improvements	7 years
Office equipment	5 years

## (g) Impairment of assets

Plant and equipment assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Office is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

## (h) Leases

The Office has not entered into any finance leases.

The Office holds operating leases for office accommodation and office equipment. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

#### (i) Financial instruments

In addition to cash and bank overdraft, the Office has two categories of financial instrument:

Receivables; and

Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

##### Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services

##### Financial Liabilities

- Payables
- Other liabilities

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

#### (j) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

#### (k) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

#### (l) Amounts receivable for services (holding account)

The Office receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

#### (m) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Office will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

#### (n) Payables

Payables are recognised at the amounts payable when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

#### (o) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

##### Provisions - employee benefits

##### Annual leave and long service leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

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

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### Superannuation

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

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

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Office makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

#### Provisions – other

##### *Employment on-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

##### **(p) Superannuation expense**

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, and the GESBS. Note that the employer contribution paid to the GESB in respect of the GSS are paid back into the Consolidated Account by GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

##### **(q) Resources received free of charge or for nominal cost**

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

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

##### **(r) Comparative figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

### Note 3. Judgements made by management in applying accounting policies

The judgements that have been used in the process of applying accounting policies have had no material effect on amounts recognised in the financial statements.

### Note 4. Key sources of estimation uncertainty

The Office makes key estimates and assumptions concerning the future. These estimates and assumptions are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### *Long Service Leave*

In calculating the Office's long service leave provision, several estimations and assumptions have been made. These include expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

### Note 5. Disclosure of changes in accounting policy and estimates

#### *Initial application of an Australian Accounting Standard*

The Office has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Department.

- AASB 101*      *Presentation of Financial Statements* (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.
- AASB 2007-10*   *Further Amendments to Australian Accounting Standards arising from AASB 101*. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.
- AASB 2009-2*   *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038*. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

#### *Future impact of Australian Accounting Standards not yet operative*

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Department has not applied early any following Australian Accounting Standards that have been issued that may impact the Department. Where applicable, the Department plans to apply these Australian Accounting Standards from their application date.

Operative for  
reporting periods  
beginning on/after

*AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].* 1 Jan 2013

The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Department does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.

Note 6. Employee benefits expense	2010	2009
	\$	\$
Wages and salaries (a)	1,809,275	1,652,831
Superannuation – defined contribution plans (b)	177,519	133,769
Other related expenses	14,955	19,982
	<b>2,001,749</b>	<b>1,806,582</b>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.

(b) Defined contribution plans include West State and Gold State and GESB Super Scheme (contributions paid).

Employment on-costs such as workers' compensation insurance are included at note 10 'Other Expenses'.

The employment on-costs liability is included in note 20 'Provisions'.

Long service leave expense and annual leave expense have been amalgamated with the 'Wages and salaries' expense category in the 2008-09 and 2009-10 financial years.

Superannuation sacrifice expense value of \$229,451 in the 2008-09 financial year has been reclassified from 'Superannuation – defined contributions plans' to 'Wages and salaries'.

Fringe benefits tax expense of \$25,340 in the 2008-09 financial year has been reclassified from 'Other related expenses' to 'Wages and salaries'.

Note 7. Supplies and services	2010	2009
	\$	\$
Communications	39,904	36,856
Consultants and contractors	208,309	154,227
Consumables	34,260	30,223
Materials	69,258	119,225
Lease, rent and hire costs	89,527	78,393
Travel	45,737	98,363
Other	58,156	43,410
	<b>545,151</b>	<b>560,697</b>

Note 8. Depreciation	2010	2009
	\$	\$
<i>Depreciation</i>		
Computer hardware	12,889	6,027
Office equipment	4,621	6,074
Communications	1,224	-
Leasehold Improvements	4,337	5,177
<b>Total depreciation</b>	<b>23,071</b>	<b>17,278</b>

#### Note 9 Accommodation expenses

	\$	\$
Lease rentals	205,464	227,195
Repairs and maintenance	143	5,548
	<b>205,607</b>	<b>232,743</b>

#### Note 10. Other expenses

	2010	2009
	\$	\$
Employment on-cost (a)	1,297	(4,298)
Audit fees (b)	13,737	17,500
	<b>15,034</b>	<b>13,202</b>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 20 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Refer also to note 30 'Remuneration of auditor'.

#### Note 11. Other revenue

	2010	2009
	\$	\$
Contributions to Executive Vehicle Scheme	6,406	4,651
Expense recoveries from other agencies	409	4,722
Sundry revenue	(1,627)	6,116
	<b>5,188</b>	<b>15,489</b>

#### Note 12. Net Gain/(Loss) on disposal of non-current assets

	2010	2009
	\$	\$
<i>Costs of Disposal of Non-Current Asset</i>		
Proceeds from Disposal of Non-Current Assets		
Plant and Equipment	-	600
<b>Net gain/(loss)</b>	<b>-</b>	<b>600</b>

<b>Note 13. Income from State Government</b>	<b>2010</b>	<b>2009</b>
	\$	\$
Appropriation received during the year:		
Service appropriations(a)	2,435,000	2,819,000
	<b>2,435,000</b>	<b>2,819,000</b>
Resources received free of charge (b)		
Determined on the basis of the following estimates provided by agencies:		
DTF - Building and Management Works	5,411	-
	5,411	-
	<b>2,440,411</b>	<b>2,819,000</b>

(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

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

#### Note 14. Restricted cash and cash equivalents

	2010	2009 Restated	As at 1 July 2008 Restated
	\$	\$	\$
Non-current			
Accrued salaries suspense account (a)	27,323	27,323	15,500
	<b>27,323</b>	<b>27,323</b>	<b>15,500</b>

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

The Office has reclassified the balance held in the accrued salaries suspense account from current restricted cash and cash equivalents to Non-current Restricted Cash and Cash Equivalents.

<b>Note 15. Receivables</b>	<b>2010</b>	<b>2009</b>
	\$	\$
<i>Current</i>		
Receivables	769	47,016
Allowances for impairment of receivables	(769)	-
GST Receivable	23,513	19,519
<b>Total Current</b>	<b>23,513</b>	<b>66,535</b>

#### Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of the year	-	-
Doubtful debts expense recognised in the statement of comprehensive income	769	-
<b>Balance at end of year</b>	<b>769</b>	<b>-</b>

The Office does not hold any collateral as security or other credit enhancements relating to receivables.

**Note 16. Amounts receivable for services**

	2010	2009 Restated	As at 1 July 2008 Restated
	\$	\$	\$
Current	12,000	12,000	12,000
Non-Current	74,000	52,000	48,000
	<u>86,000</u>	<u>64,000</u>	<u>60,000</u>

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

The Office has reclassified the balances between 'Amounts receivable for services' current and non current to reflect the amounts drawdown from the holding account within 12 months of the end of the reporting period.

**Note 17. Plant and Equipment**

	2010	2009
	\$	\$
<i>Computing Hardware</i>		
At Cost (b)	36,014	36,014
Accumulated depreciation	(24,358)	(11,469)
	<u>11,656</u>	<u>24,545</u>
<i>Leasehold Improvements</i>		
At Cost (b)	192,580	196,760
Accumulated depreciation	(178,839)	(178,425)
	<u>13,741</u>	<u>18,335</u>
<i>Communications</i>		
At Cost (b)	5,995	5,995
Accumulated depreciation	(3,822)	(2,598)
	<u>2,173</u>	<u>3,397</u>
<i>Office Equipment</i>		
At cost	23,105	20,105
Accumulated depreciation	(12,485)	(17,246)
	<u>10,620</u>	<u>2,859</u>
	<b><u>38,190</u></b>	<b><u>49,136</u></b>

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

	Computer Hardware	Leasehold Improvements	Communciations	Office Equipment	Total
<b>2010</b>					
Carrying amount at start of year	24,545	18,335	3,397	2,859	49,136
Additions	-	-	-	12,382	12,382
Correction from prior period	-	(257)	-	-	(257)
Depreciation	(12,889)	(4,337)	(1,224)	(4,621)	(23,071)
<b>Carrying amount at end of year</b>	<b>11,656</b>	<b>13,741</b>	<b>2,173</b>	<b>10,620</b>	<b>38,190</b>
<b>2009</b>					
Carrying amount at start of year	12,932	23,512	4,596	7,734	48,774
Additions	17,640	-	-	-	17,640
Depreciation	(6,027)	(5,177)	(1,199)	(4,875)	(17,278)
<b>Carrying amount at end of year</b>	<b>24,545</b>	<b>18,335</b>	<b>3,397</b>	<b>2,859</b>	<b>49,136</b>

### Note 18. Impairment of assets

There were no indications of impairment to plant and equipment as at 30 June 2010.

### Note 19. Payables

	2010	2009
<i>Current</i>	\$	\$
Trade payables	81,866	68,443
Accrued expenses	29,588	58,299
Accrued salaries	22,518	23,320
<b>Total current</b>	<b>133,972</b>	<b>150,062</b>

### Note 20. Provisions

	2010	2009 Restated	As at 1 July 2008 Restated
<i>Current</i>	\$	\$	\$
Employee benefits provision			
Annual leave (a)	144,002	142,228	140,577
Long service leave (b)	114,411	139,964	268,134
	<b>258,413</b>	<b>282,192</b>	<b>408,711</b>
<i>Other provisions</i>			
Employment on-costs (c)	7,196	6,544	11,559
	<b>7,196</b>	<b>6,544</b>	<b>11,559</b>
	<b>265,609</b>	<b>288,736</b>	<b>420,270</b>
<i>Non-current</i>			
Employee benefits provision			
Long service leave (b)	104,456	83,688	75,254
	<b>104,456</b>	<b>83,688</b>	<b>75,254</b>
<i>Other provisions</i>			
Employment on-costs(c)	2,948	2,303	1,586
	<b>2,948</b>	<b>2,303</b>	<b>1,586</b>
	<b>107,404</b>	<b>85,991</b>	<b>76,840</b>

The Office has restated the employment on costs provision in note 20. 'Provisions' to correctly reflect only the workers compensation insurance on cost value. The superannuation on costs have been allocated to annual leave and long service leave provisions.

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2010	2009	2008
	\$	\$	\$
Within 12 months of the end of the reporting period	73,544	142,228	140,577
More than 12 months after the reporting period	70,458	-	-
	<b>144,002</b>	<b>142,228</b>	<b>140,577</b>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2010	2009	2008
	\$	\$	\$
Within 12 months of the end of the reporting period	72,142	139,964	268,134
More than 12 months after the reporting period	146,725	83,688	75,254
	<u>218,867</u>	<u>223,652</u>	<u>343,388</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including worker's compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in the note 10 'Other expenses'.

Movement in Other Provisions	2010	2009	2008
	\$	\$	\$

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

#### Employment on-cost provision

Carrying amount at start of year	8,847	13,145	15,261
Additional provisions recognised	1,297	-	-
Payments/other sacrifices of economic benefits	-	(4,298)	(2,116)
<b>Carrying amount at end of year</b>	<b><u>10,144</u></b>	<b><u>8,847</u></b>	<b><u>13,145</u></b>

Note 21. Other Liabilities	2010	2009
	\$	\$
<i>Current</i>		
Treasurer's advance	300,000	-
	<u>300,000</u>	<u>-</u>

Note 22. Equity	2010	2009
	\$	\$

Equity represents the residual interest in the net assets of the Office.

The Government holds the equity interest in the Office on behalf of the community.

#### Contributed equity

Balance at start of period	109,000	89,000
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#### Contributions by owners

Capital appropriation	22,000	20,000
Total contributions by owners	<u>22,000</u>	<u>20,000</u>

<b>Balance at end of period</b>	<b><u>131,000</u></b>	<b><u>109,000</u></b>
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#### Accumulated surplus/(deficit)

Balance at start of year	(411,586)	(616,173)
Result for the period	(345,013)	275,744
Changes in accounting policy or correction of prior period errors (a)	-	(71,157)
<b>Balance at end of year</b>	<b><u>(756,599)</u></b>	<b><u>(411,586)</u></b>

(a) The correction of prior period errors value of \$71,157 relates to a Treasurers Instruction 520 transfer of employees leave entitlements to the Office of Inspector of Custodial Services. The \$71,157 was originally recognised as 'Other revenue' in the Statement of Comprehensive Income in the 2008-09 financial statements. This has been corrected and the revised value of \$44,417 is reflected in the Statement of Financial Position note 20. Provisions in 2008-09.

Note 23. Notes to the Cash Flow Statement	2010	2009
	\$	\$
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	6,360	15,209
Restricted cash and cash equivalents (note 14 'Restricted cash and cash equivalents')	27,323	27,323
	<b>33,683</b>	<b>42,532</b>
<b>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	(2,785,424)	(2,614,413)
<b>Non-cash items:</b>		
Depreciation	23,071	17,278
Resources received free of charge	5,411	-
Net (gain)/loss on sale of plant and equipment	-	(600)
Adjustments for other non-cash items	257	-
<b>(Increase)/decrease in assets:</b>		
Current receivables(c)	47,016	(44,409)
<b>Increase/(decrease) in liabilities:</b>		
Current payables	(16,090)	(21,999)
Current provisions	(23,127)	(131,533)
Non-current provisions	21,413	9,151
Net GST receipts/(payments)(a)	6,295	-
Change in GST in receivables/payables(b)	(10,289)	(8,991)
<b>Net cash provided by/(used in) operating activities</b>	<b>(2,731,467)</b>	<b>(2,795,516)</b>

(a) This is the net GST paid/received, i.e cash transaction.

(b) This reverses out the GST in receivables and payables.

(c) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

Note 24. Commitments	2010	2009
	\$	\$
<b>Lease commitments</b>		
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within 1 year	200,505	202,336
Later than 1 year and not later than 5 years	186,362	361,408
	<b>386,867</b>	<b>563,744</b>
Representing:		
<b>Non-cancellable operating leases</b>	<b>386,867</b>	<b>563,744</b>
<b>Non cancellable operating lease commitments</b>		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	200,505	202,336
Later than 1 year and not later than 5 years	186,362	361,408
	<b>386,867</b>	<b>563,744</b>

These commitments are all inclusive of GST

#### Note 25. Event occurring after the end of the reporting period.

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

#### Note 26. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2010.

#### Note 27. Explanatory Statement

Significant variations between estimates and actual results for income and expenses as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than \$50,000.

Total appropriations provided to deliver services

##### Significant variances between estimate and actual for 2010

	2010 Estimate	2009 Actual	Variable
	\$	\$	\$
Service appropriation	2,318,000	2,790,612	472,612

This variance increase relates specifically to salary and wages required to do inspections work generally and also because severance payouts were made during 2009/10 for two senior members of staff.

*Significant variances between actuals for 2009 and 2010*

	2010	2009	Variable
	\$	\$	\$
Total appropriation provided to deliver services for the year	2,435,000	2,819,000	(384,000)
Total income	5,188	16,089	(10,901)

This variance decrease occurred because the Inspectorate did not receive supplementary funding as has been the case in previous years. Instead it took out an approved Treasurer's Advance which was repaid in July 2010.

*Service expenditure**Significant variances between actual results for 2009 and 2010*

	2010	2009	Variable
	\$	\$	\$
Inspection and Review of Custodial Services - Employee benefits	2,001,749	1,806,582	195,167

This variance increase relates specifically to the severance of the Director of Strategy and Research and the Manager of Community Services.

**Note 28 Financial Instruments***(a) Financial risk management objectives and policies*

Financial Instruments held by the Office are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Office has limited exposure to financial risks. The Office's overall risk management program focuses on managing the risks identified below.

*Credit risk*

Credit risk arises when there is the possibility of the Office's receivables defaulting on their contractual obligations resulting in financial loss to the Office.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at note 28 (c) 'Financial instrument disclosures' and Note 15 'Receivables'.

Credit risk associated with the Office's financial assets is minimal because the main receivable is amounts owing from other government agencies. For receivables other than government, the Office trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Office's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

*Liquidity risk*

Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due.

The Office is exposed to liquidity risk through its trading in the normal course of business.

The Office has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

*Market risk*

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Office's income or value of its holdings of financial instruments. The Office does not trade in foreign currency and is not materially exposed to other price risks.

**(b) Categories of financial instruments**

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

	2010	2009
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	6,360	15,209
Restricted cash and cash equivalents	27,323	27,323
Receivables(a)	86,000	111,016
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	133,972	150,062
Other liabilities	300,000	-

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

**(c) Financial instrument disclosures****Credit Risk and Interest Rate Exposure**

The following table disclose the Office's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Office's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Office.

The Office does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Office does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets (a)

	<b>Interest rate exposure</b>				<b>Past due but not impaired</b>						
	Weighted average effective interest rate %	Carrying Amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$	Up to 3 months \$	3-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$	Impaired financial assets \$
<b>Financial Assets</b>											
<b>2010</b>											
Cash and cash equivalents		6,360	-	-	6,360	-	-	-	-	-	-
Restricted cash and cash equivalent		27,323	-	-	27,323	-	-	-	-	-	-
Amounts receivable for service		86,000	-	-	86,000	-	-	-	-	-	-
		<b>119,683</b>	<b>-</b>	<b>-</b>	<b>119,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2009</b>											
Cash and cash equivalents		15,209	-	-	15,209	-	-	-	-	-	-
Restricted cash and cash equivalents		27,323	-	-	27,323	-	-	-	-	-	-
Receivables		47,016	-	-	47,016	-	-	-	-	-	-
Amounts receivable for service		64,000	-	-	64,000	-	-	-	-	-	-
		<b>153,548</b>	<b>-</b>	<b>-</b>	<b>153,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) The amount of receivables excludes the GST recoverable form the ATO (statutory receivable)

### Liquidity Risk

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

#### Interest rate exposure and maturity analysis of financial liabilities

	Interest rate exposure						Maturity dates					
	Weighted Average Effective interest rate %	Carrying Amount \$	Fixed interest rate \$	Variable interest rate \$	Non- Interest Bearing \$	Adjustment for discounting \$	Total Nominal amount \$	Up to 3 months \$	3-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$
<b>Financial Assets</b>												
<b>2010</b>												
Payables		133,972	-	-	133,972	-	-	133,972	-	-	-	-
Treasurer's Advance		300,000	-	-	300,000	-	-	300,000	-	-	-	-
		433,972	-	-	433,972	-	-	433,972	-	-	-	-
<b>2009</b>												
Payables		150,063	-	-	150,063	-	-	150,063	-	-	-	-
		150,063	-	-	150,063	-	-	150,063	-	-	-	-

#### Interest rate sensitivity analysis

None of the Office's financial assets and liabilities at the end of the reporting period are sensitive to movements in interest rates, hence movements in interest rates have no bottom line impact on the Office's surplus or equity

#### Fair Value

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

### Note 29. Remuneration of senior officers

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

	2010	2009
\$130,001 – 140,000	1	-
\$201,001 – 240,000	-	1
\$240,001 – 250,000	1	-
\$270,001 – 280,000	-	1
Total remuneration of senior officers	\$379,018	\$340,625

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

### Note 30. Remuneration of auditor

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

	2010	2009
	\$	\$
Auditing the accounts, financial statements and performance indicators	18,300	17,500

**Note 31. Related bodies**

The Office of the Inspector of Custodial Services has no related bodies.

**Note 32. Affiliated bodies**

The Office of the Inspector of Custodial Services has no affiliated bodies.

**Note 33. Special purpose accounts**

The Office of the Inspector of Custodial Services has no special purpose accounts.

**Note 34. Supplementary financial information****(a) Write-offs**

During the financial year, nil (2009: \$0) was written off the Office's asset register under the authority of:

	2010	2009
	\$	\$
The accountable authority	-	-
The Minister	-	-
Executive council	-	-
	<u>-</u>	<u>-</u>

**(b) Losses through theft, defaults and other causes**

	2010	2009
	\$	\$
Losses of public moneys, public and other property through theft or default	-	-
Amounts recovered	-	-
	<u>-</u>	<u>-</u>

**(c) Gifts of public property**

	2010	2009
	\$	\$
Gifts of public property provided by the Office	-	-
	<u>-</u>	<u>-</u>

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*The Office of the Inspector of Custodial Services is an independent statutory body that provides external scrutiny to the standards and operational practices of custodial services in Western Australia.*

*The Office aims to contribute directly and indirectly to*

- Improving public confidence in the justice system;*
- The decent and humane treatment of people in custody;*
- Reducing re-offending in Western Australia; and*
- Ensuring the justice system provides value for money.*



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