

# Governance and Accountability



## This chapter contains:

information on those aspects of AFP administration that relate to:

- Internal Audit
- External Scrutiny
- Competitive Tendering and Contracting
- Exempt Contracts
- Purchasing
- Consultancies
- Advertising and Market Research
- Freedom of Information
- Commonwealth Disability Strategy
- Ecologically Sustainable Development and Environmental Performance.

## Governance and Accountability

The AFP has continued the process of reviewing and, where necessary, revising its corporate governance framework and processes.

This process has included:

- the continued evolution and consolidation of the AFP functional business model
- the operations of the Executive Management Board and its various reporting committees
- a refresher of a range of governance policies and instruments
- a continued focus on corporate compliance with internal and external legislative and reporting requirements.

This is underpinned by an emphasis on AFP core values and ethical conduct.

### INTERNAL AUDIT

Internal Audit is an independent and objective assurance and consulting activity designed to add value and improve AFP operations. Internal Audit reports functionally to the Security and Audit Team (SAT), which meets at least quarterly to consider audit findings and direct future activity.

Internal Audit and the SAT are both directed at supporting the Commissioner to meet his responsibility for the effective, efficient and ethical use of Commonwealth resources. SAT follows up with line management directly on the implementation of agreed recommendations from previous internal reports. In that regard, SAT continues to actively monitor improvements in relevant systems, processes and controls.

As discussed in last year's report, an independent quality-assurance review of Internal Audit was undertaken by the Institute of Internal Auditors Australia late in the reporting period. Recommendations for improvement arising from that review were this year agreed to by SAT and implemented progressively throughout the year. These changes have improved the timeliness of the internal audit cycle and heightened awareness of the function across the organisation.

In the development of future audit programs, the Manager Internal Audit now meets on an annual basis with at least four national managers who have been audited in a significant way. This is in addition to regular consultation and dialogue with other stakeholders and represents a consultative approach to developing the internal audit program.

Internal Audit initiated a new program this year for the recruitment of graduate internal auditors, who after an initial placement in Internal Audit might be expected to obtain positions elsewhere within the AFP. This is part of an ongoing strategy for inducting accounting graduates into the AFP.

This year, Internal Audit provided proactive assistance to several functional areas within the AFP in addition to providing the SAT with 22 audit reports for consideration. SAT met seven times during the year, and the SAT approved Internal Audit Program for 2005–06 was fully acquitted to the SAT's satisfaction.

Internal Audit adopts a risk-based approach to its program and continues to spread its activity across all aspects of the business in proportion to the associated inherent risks. This approach has resulted in an increased focus on governance and organisational performance. Moreover, internal audits of AFP offshore operations and capacity building were more prominent this year compared with previous years.

A listing of projects completed by Internal Audit this year can be found in Appendix Table 3.

### Insurance and Risk Management

The AFP continues its development of an organisational culture that embraces risk management as an integral part of doing business. There are well-established policy and procedures for the management of risk and insurance arrangements. The AFP applies a systemic and systematic approach to the identification and mitigation of risk as part of its strategic and day-to-day decision making.

The identification of strategic and operational risks and their treatment are embedded into standard AFP business planning practices. Business continuity

planning, catering for contingency of a pandemic influenza affecting the continuity of Government services and the continuity of AFP operations, is one example of risk management currently being undertaken by the AFP in a whole-of-government context.

The AFP utilises Comcover insurance arrangements as a key part of its risk-mitigation strategies to manage financial risk. Comcover provides a range of insurance services for:

- public and professional indemnity liability
- property loss and business continuity
- motor vehicle
- overseas travel (medical emergencies and personal effects)

The AFP participated in the 2006 Comcover benchmarking exercise. The AFP results from this activity represented both an above average achievement compared to all participating agencies and an improvement on previous year's efforts. The high-level achievement resulted in a 7 per cent discount to the AFP's Comcover insurance premium for this year. This result reinforces the emphasis the AFP as an organisation places on risk management and its recognition that it is a fundamental component of good corporate governance and sound management practice. The focus area for the coming year is to continue to improve performance measures and the risk reporting framework.

The AFP has in place business continuity plans for each of its key sites across Australia, and covers disaster recovery for critical information and communications technology services for the AFP. The AFP's general approach to risk management is adapted to cater for specific areas of interest including, for example, risks relating to OH&S, fraud control, and AFP financial and commercial practices. The AFP conducts risk assessments for all large procurement activities and assesses risk as part of the procurement and contract life cycle.

### Auditor-General Reports

The ANAO audited the AFP's financial statements and performance measures relating to the AFP's community-policing contract with the ACT Government.

The Auditor-General did not include the AFP as a primary subject of any report tabled in Parliament. However, the AFP was an active participant in the following cross-agency audits:

- No 16: The Management and Processing of Leave
- No 22: Cross Portfolio Audit of Green Office Procurement
- No 25: Audits of Financial Statements of Australian Government Entities for period ending 30 June 2005
- No 27: Reporting of Expenditure on Consultants.

In addition, the AFP was mentioned in the following two audit reports:

- No 12: Review of Evaluation Methods and Continuous Improvement Processes for Australia's National Counter Terrorism Coordination
- No 28: Management of Net Appropriation Agreements.

## Fraud Control and Anti-Corruption Plan

The AFP 2005–07 Fraud Control and Anti-Corruption Plan (FC&AC Plan) was developed and implemented in accordance with the requirements of the Commonwealth Fraud Control Guidelines 2002.

The FC&AC Plan maintains existing organisational fraud-control treatments and identifies new and emerging organisational fraud and corruption risks.

To successfully implement the FC&AC Plan across the organisation, each National Manager and Office Manager is responsible for implementing FC&AC Plan Action Items addressing both the AFP highest risk categories and risk categories specific to the function or office. Progress against Action Item implementation is reported to the Security and Audit Team six monthly, and the Attorney-General's Department annually, for the life cycle of the plan.

## Commissioner's Declaration

In accordance with Guideline 1.9 and 2.8 of the Commonwealth Fraud Control Guidelines, the AFP Commissioner certified he was satisfied there were in place appropriate fraud prevention, detection, investigation, reporting and data-collection procedures and processes to meet AFP needs and comply with the Commonwealth Fraud Control Guidelines.

## External Scrutiny

### Judicial Decisions and Administrative Tribunal decisions impacting on operations

Like other public sector organisations, the AFP's operations and the actions of its members are occasionally affected by judicial or administrative decisions.

Implications for the AFP in a given case are assessed by the Legal Team which may seek further specialist advice as required. Adjustments to operating procedures or the conduct of members arising from assessments are promulgated throughout the AFP in the most appropriate way: written advice, publication of a directive/guideline or the making of a Commissioner's Order.

## Parliamentary Committees

### Estimates Hearings

- 31 October 2005: Consideration of Supplementary Budget Estimates
- 17 February 2006: Consideration of Additional Estimates
- 25 May 2006: Consideration of Budget Estimates.

## Appearances before other Parliamentary Committees of Inquiry

In 2005–06 the AFP appearances before other Parliamentary Committees of Inquiry were:

- 26 July 2005: Senate Foreign Affairs, Defence and Trade Committee:  
The Removal, Search for and Discovery of Ms Vivian Solon
- 26 July 2005: Senate Foreign Affairs, Defence and Trade Committee
- Report: Mr Chen Yonglin's request for Political Asylum
- 3 August 2005: Senate Legal and Constitutional Committee  
Inquiry into the Provisions of the Law and Justice Legislation Amendment (Serious Drug Offences and Other Measures) Bill 2005
- 7 Oct 2005: Joint Committee on the Australian Crime Commission  
Review of the *Australian Crime Commission Act 2002*
- 21 Oct 2005: Senate Legal and Constitutional Committee  
Inquiry into the Provisions of the Law and Justice Legislation Amendment (Video Link Evidence and Other Measures) Bill 2005
- 17 Nov 2005: Senate Legal and Constitutional Committee  
Inquiry into the Anti-Terrorism (No.2) Bill 2005
- 28 Nov 2005: Joint Committee on Public Accounts and Audit  
Aviation Security Inquiry in Australia
- 31 Jan 2006: ACT Standing Committee into Legal Affairs Bill  
Inquiry into the exposure draft of the Terrorism (Extraordinary Temporary Powers) Bill 2005 (ACT)

- 14 March 2006: Senate Legal and Constitutional Committee  
Exposure draft of the Anti-Money Laundering and Counter-Terrorism Financing Bill 2005
- 15 March 2006: Senate Legal and Constitutional Committee  
Telecommunications (Interception) Amendment Bill 2006
- 27 April 2006: Senate Legal and Constitutional Committee  
Customs Legislation Amendment (Border Compliance and Other Measures) Bill 2006
- 27 April 2006: Senate Legal and Constitutional Committee  
The Law Enforcement Integrity Commissioner Bill 2006, the Law Enforcement Integrity Commissioner (Consequential Amendments) Bill 2006 and the Law Enforcement (AFP Professional Standards and Related Measures) Bill 2006
- 12 May 2006: Joint Standing Committee on Foreign Affairs, Defence and Trade  
Human Rights Sub-Committee  
Inquiry into Australia's Response to the Indian Ocean Tsunami
- 2 June 2006: Joint Standing Committee on Public Works  
Australian Institute of Police Management Redevelopment
- 5 June 2006: Joint Committee on the Australian Crime Commission
- Inquiry into Amphetamines and Other Synthetic Drugs.
- 12 August 2005: Senate Legal and Constitutional Committee  
Inquiry into the Administration and Operation of the Migration Act
- 28 August 2005: Joint Committee on the Australian Crime Commission  
Review of the *Australian Crime Commission Act 2002*
- 17 Oct 2005: Senate Legal and Constitutional Committee  
Inquiry into the Provisions of the Law and Justice Legislation Amendment (Video Link Evidence and Other Measures) Bill 2005
- 11 Nov 2005: Senate Legal and Constitutional Committee  
Inquiry into the Anti-Terrorism (No.2) Bill 2005
- 20 Jan 2006: Senate Legal and Constitutional Committee  
Inquiry into the Defence Legislation Amendment (Aid to Civilian Authorities) Bill 2005
- 25 Jan 2006: ACT Standing Committee into Legal Affairs Bill  
Inquiry into the exposure draft of the Terrorism (Extraordinary Temporary Powers) Bill 2005 (ACT)
- 23 Feb 2006: Joint Committee on the Australian Crime Commission  
Inquiry into Amphetamines and Other Synthetic Drugs
- Inquiry into the Exposure Draft of the Anti-Money Laundering and Counter-Terrorism Financing Bill 2005
- 30 March 2006: Joint Standing Committee on Public Works  
Australian Institute of Police Management Redevelopment
- 20 April 2006: Senate Legal and Constitutional Committee

#### AFP Submissions to Parliamentary Committees

- 4 July 2005: Joint Committee on Public Accounts and Audit  
Aviation Security Inquiry in Australia

The Law Enforcement Integrity Commissioner Bill 2006, the Law Enforcement Integrity Commissioner (Consequential Amendments) Bill 2006 and the Law Enforcement (AFP Professional Standards and Related Measures) Bill 2006

- 30 June 2006: Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into the impact of Australian Aid to the Pacific.

## Commonwealth Ombudsman's Reports

The Commonwealth Ombudsman performs an external scrutiny function in relation to the following activities:

- *Complaints (Australian Federal Police) Act 1981*  
Investigating complaints about AFP members in international, national and community policing roles and monitoring practices and procedures of the AFP.
- *Telecommunications (Interception) Act 1979*  
Inspecting compliance with the record-keeping requirements of the Act.
- *Surveillance Devices Act 2004*  
Inspecting compliance with the record-keeping requirements of the Act.
- *Crimes Act 1914*  
Reporting to Parliament on the adequacy and comprehensiveness of controlled operations records.
- *Witness Protection Act 1994*  
Investigating complaints from people placed on the witness protection program or from unsuccessful applicants.

### Complaints (Australian Federal Police) Act 1981

The AFP is cooperating with the Commonwealth Ombudsman who is progressing two special investigations under the Complaints Act. One of the investigations is looking at the interviewing techniques used by the AFP Professional Standards when interviewing other police about conduct matters. The other investigation stems from a complaint that the AFP did not conduct an adequate investigation into a sensitive personal issue the complainant had earlier raised with the AFP.

### Telecommunications (Interception) Act 1979

The Commonwealth Ombudsman conducted two inspections in 2005–06. The reports provided to the AFP after each inspection concluded that generally there was a high degree of compliance with the detailed record-keeping requirements of the TI Act. The Ombudsman made recommendations after each inspection and the AFP has implemented a range of measures aimed at improving compliance.

### Surveillance Devices Act 2004

The *Surveillance Devices Act 2004* came into operation in December 2004 and a program of two inspections each year for law enforcement agencies was started in 2005. The first inspections of records under the Surveillance Devices Act was undertaken at the AFP in October 2005.

While the Commonwealth Ombudsman identified some compliance issues, overall there was a satisfactory level of compliance, particularly taking into account the challenge faced by the AFP to settle procedures under the new regime within a short time. The AFP has actively responded to the Ombudsman's recommendations in this regard.

### Crimes Act 1914 – Controlled Operations

During the year, two inspections of controlled operations records were conducted at the AFP. The inspections concluded the AFP is generally complying with the requirements of the Crimes Act and providing comprehensive information in formal reports. The AFP commits to continual improvement in this area.

### Witness Protection Act 1994

No complaints were received or investigations conducted under this Act during reporting period.

## Consultative Services Competitive Tendering and Contracting

### Existing CTC contracts from earlier years

The AFP has a contract with United Group Services (formerly United KFPW Pty Limited) for the provision of building and accommodation services throughout Australia. The contract commenced in December 1999 for an initial period of three years, with provision for two extensions of two years. The contract has now been extended until 17 December 2006. The value of the extended contract is \$1,763,000.

The AFP has a contract with OfficeMax for the national supply of stationery items, including paper. The initial period of the contract expires on 31 December 2007. This contract is valued at \$4,200,000.

### Extensions of CTC Contracts

The AFP exercised its remaining option in respect of the contract with Outsource Australia and extended the Agreement from 1 April 2006 until 31 December 2007. The initial contract for the provision of certain records management and information retrieval services commenced in July 2000 for a period of three years. The total value of the extended contract is \$3.9 million.

### New CTC Contracts

In January 2006, a new contract for the provision of uniforms, clothing and related services was awarded to Stewart and Heaton Clothing Co Pty Limited of Belmont, Western Australia, for a period of three years. This contract replaces the earlier arrangement between the AFP and Boise (now OfficeMax). The total value of this contract is \$871,000.

In 2006, the AFP established a panel of legal service providers, comprising Clayton Utz, Phillips Fox and the Australian Government Solicitor, for provision of legal services until May 2009. The panellists are engaged under a deed of standing offer arrangement.

The AFP outsourced selected internal audit functions in 2000 for a period of five years. In 2005, the AFP

went back out to the market, which resulted in the establishment of a new panel arrangement. The members of the panel are PriceWaterhouse Coopers, Masters Le Mesurier, KPMG and Acumen Alliance. The panellists are engaged under a deed of standing offer arrangement for an initial period of three years.

In 2006, the AFP established a panel of providers for the provision of procurement and contracting services until June 2009. Members of the panel include Ball Solutions Group, Terrace Services, PSI Consulting, APIS Consulting Group and Grosvenor Management Consulting. The panellists have been engaged under a deed of standing offer arrangement.

## EXEMPT CONTRACTS

During the reporting period, the AFP did not gazette a small number of contracts that fall within the scope of public interest immunity primarily for security reasons.

## PURCHASING

While procurement is devolved in the AFP, it is supported by the National Procurement and Contracts team which, in consultation with AFP's legal team, provides procurement and contracting advice to business areas of the AFP. In addition, the AFP has conducted training courses covering procurement and reporting requirements and has established panel of procurement specialists to assist with tendering processes and probity advice.

The AFP also has a specific procurement and contracting and procurement team to support the IDG.

As discussed in Procurement and Contracts the AFP uses electronic tendering through the Government's AusTender system. It has complied with its reporting requirements by including a listing of contracts valued at \$100,000 or more on its website and publishing its annual procurement plan on AusTender.

## CONSULTANCIES

During 2005–06, 42 new consultancy contracts were entered into (including eight contracts under \$10,000) involving total actual expenditure of \$1,080,468. In addition, 11 ongoing consultancy contracts were active in 2005–06, involving total actual expenditure of \$369,762.

**Table J: Expenditure on consultants for the three most recent financial years**

	2003–04	2004–05	2005–06
New contracts	21	30	42
Total expenditure (new and ongoing contracts)	\$1,004,987	\$1,958,252	\$1,486,441

Details of consultancy services provided to the AFP for the financial year 2005–06 are shown in Table 11 in the Appendix and at <www.afp.gov.au>. Click 'About the AFP'. Click 'Accountability Requirements'.

## ADVERTISING AND MARKET RESEARCH

For 2005–06 the AFP paid \$906,778.98 for its advertising needs. This figure includes costs associated with a range of recruitment services. (see Appendix Table 12). No market research was undertaken in the reporting period.

## Freedom of Information

The Freedom of Information (FOI) team facilitates public access to AFP documents, consistent with the provisions of the *Freedom of Information Act 1982* (the FOI Act). Under s.23 of the FOI Act, the team leader of the FOI Team has been given the authorisation to make initial decisions under the Act. In 2005–06, the AFP received 184 requests compared with 198 requests in 2004–05. While there has been a slight decrease in the number of requests, it is still significantly higher than for previous years.

FOI applicants generally seek access to information concerning past or present investigations undertaken

by the AFP and its predecessor organisations. These requests often require extensive searches to be undertaken of AFP information holdings and can involve the examination of many hundreds of pages of documents. These documents invariably require the careful and resource-intensive examination of all of the contents, in order to respect the right of access by the applicants without unduly prejudicing personal privacy considerations or the AFP's law-enforcement activities.

The report of the Commonwealth Ombudsman's 'own motion' investigation into the quality of agency processing of requests made under the FOI Act, was published during the year. The AFP, which was the subject of the 1999 report by the Commonwealth Ombudsman, was again audited. The Ombudsman's report made a number of recommendations concerning agencies responses to FOI applications. These are being addressed as part of the AFP's ongoing improvements to its processing of requests.

The AFP submits quarterly and annual returns under the FOI Act for the Attorney-General's report to Parliament under s.93 of the FOI Act. Detailed information about the AFP's FOI procedures appears on page 161 in the Appendix. Information on making FOI requests to the AFP can also be found on the AFP's website at <[www.afp.gov.au](http://www.afp.gov.au)>.

## Commonwealth Disability Strategy

The AFP Disability Program and Strategy 2003–06 is the AFP's commitment to comply with the Disability Discrimination Act and the Commonwealth Disability Strategy principles. This strategy has recently been redrafted and will be implemented for 2007–09. The Commonwealth Disability Strategy has also been taken into consideration regarding the layout of the Anzac Park West building that the AFP will relocate to in 2007.

Through the implementation of this strategy, People Strategies works with business areas to encourage them to consider employing people with a disability. Recruitment selection, placement and advancement

practices were shaped to facilitate the selection of diverse groups. Due to specific requirements for operational law enforcement roles, the AFP focus is on employment opportunities for people with disabilities in non-operational roles.

The AFP encourages its enabling services to provide support mechanisms aimed at delivering an effective police service to the community and providing employment opportunities for people from diverse backgrounds, including those with disabilities.

The AFP's Worklife Diversity team presents to all staff on Recruit and Induction Programs, issues relating to discrimination within the workforce, including treating employees with disabilities with equity.

During the reporting period, the AFP continued to undertake its responsibility under the strategy to enhance understanding and provide support through measures such as commissioning access audits for premises when required.

## Ecologically Sustainable Development (ESD) and Environmental Performance

Environmental considerations are taken into account when purchasing office furniture and equipment. The AFP has a recycling program for paper, toner cartridges, metal and fluorescent tubes.

Environmentally sustainable principles and practices are being integrated into the design, construction and operation of the Anzac Park and Majura development projects, including:

- energy-consumption minimisation
- water-consumption minimisation
- consideration of the environmental impact of materials, furniture, fixtures and finishes, including whole-of-life costing, emissions minimisation, materials-waste minimisation, recycled content and use of renewable materials

- development and implementation of an environmental management system, certifiable under ISO 14001.

The AFP's development at Majura incorporated the following environmentally sustainable outcomes during the past year:

- excavated material from earthworks at the new firing range was reused on site
- rainwater from the new firing range roof is being stored and reused for landscape irrigation
- waterless urinals were installed in the new firing range
- an automated cross-flow ventilation system assists with indoor environment quality and climate control in the new firing range training building.

In relation to its motor vehicle fleet, the AFP is proactively managing the size and nature of its vehicle fleet to achieve efficiencies, including use of alternative fuel sources. The AFP has exceeded the recommendation by the Australian Greenhouse Office that at least 69 out of 178 general pool cars are replaced (when their leases expire) with vehicles achieving a GVG score of more than 10. The AFP also has 40 LPG vehicles in its operational fleet. The AFP actively encourages the use of ethanol-blended fuels.