



“ We use *superior  
tradecraft* ”

## Section 4

# Audited financial statements

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### *Our financial statements for 2020–21*

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## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Home Affairs

#### Opinion

In my opinion, the financial statements of the Australian Criminal Intelligence Commission (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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### Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Australian National Audit Office



Jodi George  
Senior Executive Director

Delegate of the Auditor-General

Canberra  
21 September 2021



AUSTRALIAN  
**CRIMINAL  
INTELLIGENCE  
COMMISSION**

#### **STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Criminal Intelligence Commission will be able to pay its debts as and when they fall due.

Signed.....

A handwritten signature in black ink, appearing to be 'M. Phelan', written over a dotted line.

**Michael Phelan APM**  
Chief Executive Officer

21 September 2021

Signed.....

A handwritten signature in black ink, appearing to be 'Yvette Whittaker', written over a dotted line.

**Yvette Whittaker**  
Chief Financial Officer

21 September 2021

**STATEMENT OF COMPREHENSIVE INCOME***for the period ended 30 June 2021*

				Budget
	Notes	2021 \$'000	2020 \$'000	2021 \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	<b>90,882</b>	93,669	100,741
Suppliers	1.1B	<b>104,153</b>	114,499	121,910
Depreciation and amortisation	2.2A	<b>31,817</b>	26,439	30,900
Finance costs	1.1C	<b>624</b>	656	528
Write-down and impairment of property, plant and equipment	2.2A	<b>72</b>	1,274	—
Resources received free of charge	1.1D	<b>6,222</b>	2,739	—
<b>Total expenses</b>		<b>233,770</b>	239,276	254,079
<b>Own-source revenue</b>				
Revenue from contracts with customers	1.2A	<b>136,701</b>	138,022	113,541
Rental income	1.2B	<b>1,049</b>	—	—
Resources received free of charge	1.2C	<b>14,990</b>	2,739	2,250
<b>Total own-source revenue</b>		<b>152,740</b>	140,761	115,791
<b>Gains</b>				
Other gains	1.2E	<b>4,065</b>	—	—
<b>Total gains</b>		<b>4,065</b>	—	—
<b>Total own-source income</b>		<b>156,805</b>	140,761	115,791
<b>Net cost of services</b>		<b>(76,965)</b>	(98,515)	(138,288)
Revenue from Government—Departmental Appropriations	1.2D	<b>95,786</b>	103,841	98,672
<b>Surplus/(Deficit) attributable to the Australian Government</b>		<b>18,821</b>	5,326	(39,616)
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation reserves—leasehold improvements and property, plant and equipment		<b>1,535</b>	—	—
Changes in asset revaluation reserves—provision for restoration obligations		<b>(51)</b>	7	—
<b>Total other comprehensive income</b>		<b>1,484</b>	7	—
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>		<b>20,305</b>	<b>5,333</b>	(39,616)

The above statement should be read in conjunction with the accompanying notes.  
 Budget to actual variance commentary: see Note 7 for major variance explanations.

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

		2021	2020	Budget 2021
	Notes	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	131,910	124,915	84,285
Trade and other receivables	2.1B	66,481	77,440	76,952
Other financial assets		–	–	523
<b>Total financial assets</b>		<b>198,391</b>	<b>202,355</b>	<b>161,760</b>
<b>Non-financial assets</b>				
Buildings	2.2A	50,746	43,681	45,866
Leasehold improvements	2.2A	12,943	14,609	–
Property, plant and equipment	2.2A	40,088	42,096	40,401
Intangibles	2.2A	48,329	37,302	52,874
Prepayments		10,528	9,448	9,448
<b>Total non-financial assets</b>		<b>162,634</b>	<b>147,136</b>	<b>148,589</b>
<b>Total assets</b>		<b>361,025</b>	<b>349,491</b>	<b>310,349</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	15,254	21,922	21,922
Other payables	2.3B	4,501	7,378	7,378
<b>Total payables</b>		<b>19,755</b>	<b>29,300</b>	<b>29,300</b>
<b>Interest bearing liabilities</b>				
Leases	2.4A	62,493	55,956	45,609
<b>Total interest bearing liabilities</b>		<b>62,493</b>	<b>55,956</b>	<b>45,609</b>
<b>Provisions</b>				
Employee provisions	4.1A	30,659	30,603	30,603
Other provisions	2.5A	2,305	17,404	17,439
<b>Total provisions</b>		<b>32,964</b>	<b>48,007</b>	<b>48,042</b>
<b>Total liabilities</b>		<b>115,212</b>	<b>133,263</b>	<b>122,951</b>
<b>Net assets</b>		<b>245,813</b>	<b>216,228</b>	<b>187,398</b>
<b>EQUITY</b>				
Contributed equity		79,330	70,050	80,836
Reserves		18,449	16,965	16,965
Retained surplus		148,034	129,213	89,597
<b>Total equity</b>		<b>245,813</b>	<b>216,228</b>	<b>187,398</b>

The above statement should be read in conjunction with the accompanying notes.  
Budget to actual variance commentary: see Note 7 for major variance explanations.

**STATEMENT OF CHANGES IN EQUITY**  
for the period ended 30 June 2021

	Retained earnings			Asset revaluation reserve			Contributed equity/capital			Total equity		
	2021	2020	Budget 2021	2021	2020	Budget 2021	2021	2020	Budget 2021	2021	2020	Budget 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried forward from previous period	129,213	116,211	129,213	16,965	16,411	16,965	70,050	216,228	191,302	216,228		
Adjustment on initial application of AASB 16—leases	—	7,676	—	—	547	—	—	—	—	8,223	—	—
<b>Adjusted opening balance</b>	<b>129,213</b>	<b>123,887</b>	<b>129,213</b>	<b>16,965</b>	<b>16,958</b>	<b>16,965</b>	<b>70,050</b>	<b>216,228</b>	<b>199,525</b>	<b>216,228</b>		
<b>Comprehensive income</b>												
Surplus/(Deficit) for the period	18,821	5,326	(39,616)	—	—	—	—	18,821	5,326	(39,616)		
Other comprehensive income	—	—	—	1,484	7	—	—	1,484	7	—		
<b>Total comprehensive income</b>	<b>18,821</b>	<b>5,326</b>	<b>(39,616)</b>	<b>1,484</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>20,305</b>	<b>5,333</b>	<b>(39,616)</b>		
<b>Transactions with owners</b>												
<b>Contributions by owners</b>												
Equity injection—Appropriations <sup>1</sup>	—	—	—	—	—	—	6,681	8,758	8,187	6,681	8,758	8,187
Departmental capital budget <sup>1</sup>	—	—	—	—	—	—	2,599	2,612	2,599	2,599	2,612	2,599
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>9,280</b>	<b>11,370</b>	<b>10,786</b>	<b>9,280</b>	<b>11,370</b>	<b>10,786</b>
<b>Closing balance as at 30 June</b>	<b>148,034</b>	<b>129,213</b>	<b>89,597</b>	<b>18,449</b>	<b>16,965</b>	<b>16,965</b>	<b>79,330</b>	<b>245,813</b>	<b>216,228</b>	<b>187,398</b>		

1. Amounts appropriated which are designated as 'equity injections' and 'Departmental capital budgets' are recognised directly in transactions with owners in that year.

The above statement should be read in conjunction with the accompanying notes.  
Budget to actual variance commentary: see Note 7 for major variance explanations.

## CASH FLOW STATEMENT

for the period ended 30 June 2021

		2021	2020	Budget
	Notes	\$'000	\$'000	2021 \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		117,668	98,939	98,637
Revenue from contracts with customers		125,751	138,349	113,541
Other		4,727	66	—
Net GST received		10,286	12,398	—
<b>Total cash received</b>		<b>258,432</b>	<b>249,752</b>	<b>212,178</b>
<b>Cash used</b>				
Employees		90,500	91,974	100,741
Suppliers		128,705	121,312	119,625
Interest payments on lease liabilities	1.1C	618	637	528
Section 74 receipts transferred to Official Public Account		1,921	4,999	—
Other		761	735	—
<b>Total cash used</b>		<b>222,505</b>	<b>219,657</b>	<b>220,894</b>
<b>Net cash from operating activities</b>		<b>35,927</b>	<b>30,095</b>	<b>(8,716)</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		23	—	—
<b>Total cash received</b>		<b>23</b>	<b>—</b>	<b>—</b>
<b>Cash used</b>				
Purchase of property, plant and equipment and intangibles	2.2A	26,249	36,153	32,353
<b>Total cash used</b>		<b>26,249</b>	<b>36,153</b>	<b>32,353</b>
<b>Net cash used by investing activities</b>		<b>(26,226)</b>	<b>(36,153)</b>	<b>(32,353)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		9,280	11,370	10,786
<b>Total cash received</b>		<b>9,280</b>	<b>11,370</b>	<b>10,786</b>
<b>Cash used</b>				
Principal payments of lease liabilities		11,986	10,700	10,347
<b>Total cash used</b>		<b>11,986</b>	<b>10,700</b>	<b>10,347</b>
<b>Net cash from/(used by) financing activities</b>		<b>(2,706)</b>	<b>670</b>	<b>439</b>
<b>Net increase/(decrease) in cash held</b>		<b>6,995</b>	<b>(5,388)</b>	<b>(40,630)</b>
Cash and cash equivalents at the beginning of the reporting period		124,915	130,303	124,915
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>131,910</b>	<b>124,915</b>	<b>84,285</b>

The above statement should be read in conjunction with the accompanying notes.  
Budget to actual variance commentary: see Note 7 for major variance explanations.

## Overview

### *Objectives of the Australian Criminal Intelligence Commission (ACIC)*

To make Australia safer through improved national ability to discover, understand and respond to current and emerging crime threats, including the ability to connect police and law enforcement to essential criminal intelligence, policing knowledge and information through collaborative national information systems and services.

### *Basis of preparation of the financial statements*

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a. Financial Reporting Rule 2015 (FRR); and
- b. Australian Accounting Standards and Interpretations—Reduced Disclosure Requirements issued by the Australian Accounting Standards Board that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

### *Modification to applicability of the PGPA for designated activities under PGPA Act section 105D*

The Minister for Finance and the Minister for Home Affairs made determinations under PGPA Act section 105D, which allows modification to specified aspects of the PGPA Act in relation to designated intelligence or security activities. The annual financial statements have not been modified as a result of the changes to the determination.

### *New accounting standards*

All new standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on ACIC's financial statements.

### *Accounting judgements and estimates*

The preparation of the ACIC's financial statements required management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on experience and expert advice, including expectations of future events based on historical information, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### *Provision for impairment of debtors*

The provision for impairment of debtors requires a degree of estimation and judgement. The level of the provision is assessed by considering type of services provided, the ageing of debtors and the customer credit history that affects the level of impairment.

### *Estimation of useful lives and fair value of assets*

The ACIC determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The useful lives could change significantly as a result of technical innovations or other events. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or specialised assets that have been abandoned or sold will be written off or written down.

The fair value of ACIC's leasehold improvements and property, plant and equipment has been taken to be the market value or depreciated replacement costs as determined by an independent valuer. In some instances, ACIC's leasehold improvements are purpose-built and some specialised property, plant and equipment may in fact realise more or less in the market.

### *Employee benefits provision*

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, through the short-hand method, assumptions are based on estimates of attrition rates, pattern of leave claims made, future salary movements and discount rates.

### *Restoration obligations*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with vacating of premises. The calculation of this provision requires assumptions such as the exit date and cost estimates. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position by adjusting the provision. Any adjustments to the provisions are recognised in profit or loss.

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

### *Taxation*

The ACIC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- ▶ where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- ▶ for receivables and payables.

#### *Contingent assets and liabilities*

The ACIC did not have any quantifiable contingent assets or liabilities to report for the financial year ended 30 June 2021. As at 30 June 2021, the ACIC had a number of legal matters pending that may eventuate in judgements or outcomes that could require monetary payments being made to or from the ACIC. However, it was not possible to quantify the amounts of any receipts or payments that may eventuate in relation to these matters. (2020: nil).

#### *Events after the reporting period*

The ACIC did not have any events after 30 June 2021 to report in the 2020–21 financial statements.

# Notes to the financial statements

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**1. Financial performance****Note 1.1: Expenses**

	2021	2020
	\$'000	\$'000
<b><u>Note 1.1A: Employee benefits</u></b>		
Wages and salaries	66,349	66,566
Superannuation		
Defined contribution plans	8,480	8,268
Defined benefit plans	4,390	4,897
Leave and other entitlements	10,911	13,053
Separation and redundancies	752	885
<b>Total employee benefits</b>	<b>90,882</b>	<b>93,669</b>

**Accounting Policy**

Accounting policies for employee related expenses: refer Note 4.1 employee provisions.

**Note 1.1B: Suppliers****Goods and services**

IT support and maintenance	41,801	40,845
Consultants and contractors	24,894	27,537
Jurisdiction fees and payments	13,361	11,868
Property and security expenses	5,185	5,298
Operational expenses	3,996	5,469
Communication	3,956	4,450
Seconded placements reimbursed to state, territory and Commonwealth agencies	3,114	4,480
Travel	2,350	4,310
Staff development and training	1,504	2,659
Legal expenses	1,326	5,058
Office expenses	886	1,015
Other	838	770
<b>Total goods and services</b>	<b>103,211</b>	<b>113,759</b>

**Other suppliers**

Short-term leases <sup>1</sup>	207	318
Workers compensation expenses	735	422
<b>Total other suppliers</b>	<b>942</b>	<b>740</b>
<b>Total suppliers</b>	<b>104,153</b>	<b>114,499</b>

1. Short-term leases includes leases with less than 12 months of lease term or where the underlying asset under lease costs \$10,000 or less.

**Accounting Policy*****Short-term leases and leases of low-value assets***

The ACIC has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The ACIC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Note 1.1: Expenses (continued)

	2021	2020
	\$'000	\$'000

#### **Note 1.1C: Finance costs**

Interest on lease liabilities <sup>2</sup>	618	637
Unwinding of discount on provision for restoration obligations	6	19
<b>Total finance costs</b>	<b>624</b>	<b>656</b>

2. Interest on lease liabilities related to leased commercial properties, data centres and motor vehicles.

#### **Note 1.1D: Resources received free of charge**

Resources received free of charge—NCIS development operating costs	3,408	—
Seconded	2,654	2,584
ANAO audit fee	160	155
<b>Total secondees and services provided by other agencies</b>	<b>6,222</b>	<b>2,739</b>

### Note 1.2: Own-source revenue

	2021	2020
	\$'000	\$'000

#### **Note 1.2A: Revenue from contracts with customers**

Revenue—special account	119,055	112,572
Revenue—proceeds of crime and memoranda of understanding	16,962	25,384
Revenue—other	684	66
<b>Total revenue from contracts with customers</b>	<b>136,701</b>	<b>138,022</b>

#### **Accounting Policy**

##### *Revenue from contracts with customers*

Revenue is recognised when the customer obtains control of the services provided. ACIC generates revenue from the National Police Checking Service (NPCS) and National Automated Fingerprint Identification System (NAFIS) through the *Proceeds of Crime Act 2002* (Crime Act) and Memoranda of Understanding (MoU) with Commonwealth agencies and other revenues from minor sources. The revenue recognition processes are discussed below.

- For NPCS and NAFIS search services provided by the ACIC, the performance obligation is satisfied at a point in time. The ACIC recognises revenue when it satisfies the performance obligations by transferring the promised goods or services.
- For goods or services provided by the ACIC for Crime Act funding, the performance obligation may be satisfied over time. The ACIC revenue recognition from this source is dependent upon the satisfactory submission of regular progress reports.
- For goods or services provided by the ACIC based on MoU, the performance obligation is satisfied over time. The ACIC revenue recognition from this source is based on the premise that the underlying goods or services will be transferred to the customers and not retained for own use.

**Note 1.2: Own-source revenue (continued)**

	2021	2020
	\$'000	\$'000

**Note 1.2B: Rental income**

Operating lease <sup>1</sup>	1,049	–
<b>Total rental income</b>	<b>1,049</b>	<b>–</b>

1. The ACIC, intermediate lessor, receives rental income through a subleasing arrangement. The ACIC is treating this arrangement as an operating lease as substantially all the risks and rewards of the head lease are not transferred to the lessee. Lease receivable on this lease is within one year, as the lease term is expiring in June 2022.

**Note 1.2C: Resources received free of charge**

Resources received free of charge—seconddees	2,654	2,584
Resources received free of charge—ANAO audit	160	155
Resources received free of charge—NCIS development capital costs <sup>2</sup>	8,768	–
Resources received free of charge—NCIS development operating costs <sup>2</sup>	3,408	–
<b>Total resources received free of charge</b>	<b>14,990</b>	<b>2,739</b>

2. During 2021 ACIC received resources free of charge in respect to NCIS development project from another government entity.

**Accounting Policy***Resources received free of charge*

Resources received free of charge are recognised as revenue when, and only when a fair value can be reliably measured and the services or transferred assets would have been purchased if they had not been provided free of charge. Use of those resources is recognised as appropriate as an expense or as an asset when received.

**Note 1.2D: Revenue from Government**

Appropriations		
Departmental appropriations	95,786	103,841
<b>Total revenue from Government</b>	<b>95,786</b>	<b>103,841</b>

**Accounting Policy***Revenue from Government*

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the ACIC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

**Note 1.2E: Other gains**

Gains from reversal of onerous lease <sup>1</sup>	4,042	–
Gains from sale of assets	23	–
<b>Total other gains</b>	<b>4,065</b>	<b>–</b>

1. An onerous lease provision recognised in 2019 on a surplus lease space. This space has now been sub leased and the provision reversed.

**Accounting Policy***Sale of assets*

Gains from disposal of assets are recognised, when control of the asset has passed to the buyer.

## 2. Financial position

### Note 2.1: Financial assets

	2021	2020
	\$'000	\$'000

#### **Note 2.1A: Cash and cash equivalents**

Special account cash held in Official Public Account	128,801	121,079
Cash at bank and on hand	3,109	3,836
<b>Total cash and cash equivalents</b>	<b>131,910</b>	<b>124,915</b>

#### **Note 2.1B: Trade and other receivables**

Trade receivables	20,649	11,593
Comcare receivable	20	18
Appropriations receivable	43,269	63,230
GST receivable	2,543	2,599
<b>Total trade and other receivables</b>	<b>66,481</b>	<b>77,440</b>

Credit terms for goods and services were within 30 days (2019–20: 30 days)

#### **Accounting Policy**

##### *Trade and other receivables*

Trade and other receivables are held for the purpose of collecting the contractual cash flows and are measured at amortised cost.

**Note 2.2: Non-financial assets****Note 2.2A: Reconciliation of the opening and closing balances of leasehold improvements, property, plant and equipment and intangible assets**

	Buildings \$'000	Leasehold improvements \$'000	Property, plant and equipment \$'000	Computer software <sup>3</sup> \$'000	Total \$'000
<b>As at 1 July 2020</b>					
Gross book value	53,473	20,965	54,164	92,340	220,942
Accumulated depreciation, amortisation and impairment	(9,792)	(6,356)	(12,068)	(55,038)	(83,254)
<b>Total as at 1 July 2020</b>	<b>43,681</b>	<b>14,609</b>	<b>42,096</b>	<b>37,302</b>	<b>137,688</b>
<b>Additions</b>					
Purchase <sup>1</sup>	–	711	7,907	17,631	26,249
Right-of-use assets	17,781	–	742	–	18,523
Revaluation recognised in other comprehensive income	–	898	637	–	1,535
Depreciation/amortisation	–	(3,275)	(8,341)	(6,594)	(18,210)
Depreciation on right-of-use assets	(10,716)	–	(2,891)	–	(13,607)
Write-down and impairment of property, plant and equipment <sup>2</sup>	–	–	(62)	(10)	(72)
<b>Total as at 30 June 2021</b>	<b>50,746</b>	<b>12,943</b>	<b>40,088</b>	<b>48,329</b>	<b>152,106</b>
<b>Total as at 30 June 2021 represented by</b>					
Gross book value	71,254	13,373	45,621	108,928	239,176
Accumulated depreciation, amortisation and impairment	(20,508)	(430)	(5,533)	(60,599)	(87,070)
<b>Total as at 30 June 2021</b>	<b>50,746</b>	<b>12,943</b>	<b>40,088</b>	<b>48,329</b>	<b>152,106</b>
<b>Carrying amount of right-of-use assets</b>	<b>50,746</b>	<b>–</b>	<b>8,981</b>	<b>–</b>	<b>59,727</b>

1. Purchase includes assets moved to appropriate classes during the asset capitalisation process.

2. This category includes write off of assets valued at \$0.072m arising out of annual stocktake.

3. Computer software as at 30 June 2021 includes internally developed intangibles of \$40.153m.

There are no leasehold improvements expected to be sold or written-off within the next 12 months.

The ACIC uses market approach and current replacement costs fair value measurement techniques to measure the fair value of property, plant & equipment and uses current replacement costs to measure the fair value of leasehold improvements.

## Note 2.2: Non-financial assets (continued)

### **Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated in note 2.2A. As at 30 June 2021, an independent valuer conducted the revaluation of property, plant and equipment and leasehold improvements.

A revaluation increment of \$0.898m for leasehold improvements (2020: Nil) and a revaluation increment of \$0.637m for property, plant and equipment (2020: Nil) were credited to the asset revaluation surplus by asset class and included in the equity section of the Statement of Financial Position. No increments/decrements were expensed in 2021 (2020: Nil).

### **Accounting Policy**

#### *Asset recognition*

Property, plant and equipment costing greater than \$5,000, leasehold improvements costing greater than \$25,000, intangible assets purchased externally costing greater than \$5,000 and intangible assets purchased and modified or developed internally costing greater than \$20,000 are capitalised. Items costing less than these thresholds are expensed in the year of acquisition.

#### *Leasehold improvements*

Leasehold improvements include office furniture and fit-out acquired as part of the lease of office accommodation. The depreciable amount of these assets is progressively allocated over the unexpired period of the lease or the useful lives of the improvements, whichever is the shorter.

#### *Lease Right of Use (ROU) assets*

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by ACIC as separate asset classes to corresponding leasehold improvements and property, plant and equipment assets that are owned outright, but presented in the same column as where the corresponding underlying assets would be presented if they were owned.

ROU assets continue to be measured at cost after initial recognition in the ACIC.

#### *Revaluations*

Following initial recognition at cost, property, plant and equipment and leasehold improvements (excluding ROU assets) are carried at fair value. Carrying values of the assets are reviewed every year for market changes and a full independent valuation is performed every third year. Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that is previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class. Upon revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the asset.

#### *Depreciation*

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using the straight-line method of depreciation. Leasehold improvements are depreciated over the life of the lease term. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are generally based on the following expected useful lives, unless an individual asset is assessed as having a different useful life.

	2021	2020
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	3–10 years	3–10 years
Intangibles—Software purchased	3–5 years	3–5 years
Intangibles—Internally developed/configured	3–10 years	3–10 years
Right of use assets	Lease term	Lease term

#### *Intangibles*

Intangible assets comprise internally developed software and externally purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software licences with the renewable term ending beyond 30 June 2021 are treated as prepayments at the time of purchase and expensed over the term of the prepayment.

#### *Impairment*

All assets were assessed for impairment at 30 June 2021. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

#### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### Note 2.3: Payables

	2021	2020
	\$'000	\$'000

#### **Note 2.3A: Suppliers**

Trade creditors and accruals	15,254	21,922
<b>Total suppliers</b>	<b>15,254</b>	<b>21,922</b>

Settlement term for suppliers were within 20 days (2019–20: 20 days).

#### **Note 2.3B: Other payables**

Wages and salaries	1,512	1,235
Superannuation	254	205
Unearned income	1,896	4,852
GST payable	40	11
Other	799	1,075
<b>Total other payables</b>	<b>4,501</b>	<b>7,378</b>

#### **Accounting Policy**

##### *Financial liabilities*

Supplier and other payables are classified as financial liabilities measured at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier and other payables are derecognised on payment.

## Note 2.4: Interest bearing liabilities

	2021	2020
	\$'000	\$'000

### Note 2.4A: Leases

#### Lease liabilities

Buildings	53,392	44,752
Property, plant and equipment	9,101	11,204
<b>Total leases</b>	<b>62,493</b>	<b>55,956</b>

Total cash outflow for leases for the year ended 30 June 2021 was \$11.986m (2020: \$11.488m)

### Maturity analysis—contractual cash flows

Within 1 year	14,290	10,706
Between 1 to 5 years	37,453	37,228
More than 5 years	10,750	8,022
<b>Total leases</b>	<b>62,493</b>	<b>55,956</b>

The ACIC has floor space in a number of commercial buildings and data centres and motor vehicles under the leasing arrangements. The majority of the leases are on fixed yearly rental charge increments, however some are on variable increments.

### Accounting Policy

Since the inception of AASB 16 for all new contracts entered into, the ACIC considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, otherwise incremental borrowing rate provided by the Department of Finance.

Subsequent to initial measurement, the liability will be reduced by the payments made and increased by the interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset or profit and loss depending on the nature of the reassessment or modification.

## Note 2.5: Other provisions

	Onerous lease obligations <sup>1</sup>	Provision for restoration obligations <sup>2</sup>	Other provisions <sup>3</sup>	Total
	\$'000	\$'000	\$'000	\$'000

### Note 2.5A: Other provisions

<b>As at 1 July 2020</b>	<b>4,699</b>	<b>1,679</b>	<b>11,026</b>	<b>17,404</b>
Additional provisions made	—	51	—	51
Amounts reversed	(4,699)	—	—	(4,699)
Amounts used	—	—	(10,457)	(10,457)
Unwinding of discount	—	6	—	6
<b>Total as at 30 June 2021</b>	<b>—</b>	<b>1,736</b>	<b>569</b>	<b>2,305</b>

1. The relocation of the Victorian office in 2020 gave rise to an onerous lease obligation on the prior Melbourne office location.

The subsequent sub-lease of the space in 2020–21 required reversal of the provision and recognition as gains.

2. The ACIC currently has 5 agreements (2020: 5 agreements) for the leasing of premises which have provisions requiring the agency to restore the premises to their original condition at the conclusion of the lease. The ACIC has made a provision to reflect the present value of this obligation. Provisions for restoration obligation are expected to be settled in more than 12 months.

3. Following the finalisation of a legal settlement, majority of the provision is now reversed as used. The remaining other provisions represent minor building works for 2021–22.

### 3. Funding

#### Note 3.1: Appropriations

##### Note 3.1A: Annual appropriations (recoverable GST exclusive)

##### Annual appropriations for 2021

	Annual appropriation <sup>1</sup> \$'000	Adjustments to appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance <sup>3</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	98,672	19,807	118,479	(136,482)	(18,003)
Capital budget	2,599	–	2,599	(2,291)	308
Equity	8,679	–	8,679	(6,681)	1,998
<b>Total departmental</b>	<b>109,950</b>	<b>19,807</b>	<b>129,757</b>	<b>(145,454)</b>	<b>(15,697)</b>

1. Annual appropriation includes \$2.886m withheld and quarantined under section 51 of the *Public Governance, Performance and Accountability Act 2013* legally available to AGIC as at 30 June 2021.

2. This includes receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

3. Variance in ordinary annual services of 18.003m includes \$2.886m withheld and quarantined for savings measures and the balance is spent towards capital and operational expenses. Variance in capital budget of \$0.308m is held for forward year spending. Variance in equity of \$1.998m is due to re-phasing 2021 funding, through section 51 of the *Public Governance, Performance and Accountability Act 2013* reductions, for forward year spending.

##### Annual appropriations for 2020

	Annual appropriation <sup>1</sup> \$'000	Adjustments to appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance <sup>3</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	104,245	26,623	130,868	(121,841)	9,027
Capital budget	2,612	–	2,612	(2,612)	–
Equity	23,636	–	23,636	(8,758)	14,878
<b>Total departmental</b>	<b>130,493</b>	<b>26,623</b>	<b>157,116</b>	<b>(133,211)</b>	<b>23,905</b>

1. Annual appropriation includes \$0.404m withheld and quarantined under section 51 of the *Public Governance, Performance and Accountability Act 2013* legally available to AGIC as at 30 June 2020.

2. This includes receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

3. Variance in ordinary annual services of \$9,027m includes \$0.404m quarantined for savings measures and the balance is for forward year spending on several provisions. Variance in equity of \$14.878m is due to re-phasing 2020 funding, through section 51 of the *Public Governance, Performance and Accountability Act 2013* reductions, for forward year spending.

### Note 3.1: Appropriations (continued)

	2021	2020
	\$'000	\$'000

#### Note 3.1B: Unspent annual appropriations ('recoverable GST exclusive')

##### Departmental

Appropriation Act (No.1) 2020–21 <sup>1</sup>	43,269	–
Appropriation Act (No.1) 2019–20 <sup>1</sup>	–	63,230
Cash at bank and on hand <sup>2</sup>	3,109	3,836
<b>Total departmental</b>	<b>46,378</b>	<b>67,066</b>

1. The Appropriation Act (No.1) balance for 2019–20 and 2020–21 represents unspent appropriation for the year.

2. Represents appropriation funds drawn and held at bank in respective years.

### Note 3.2: Special accounts

	2021	2020
	\$'000	\$'000

#### Note 3.2A: National Policing Information Systems and Services Special Account<sup>1</sup>

Balance brought forward from previous period	121,079	125,812
Total increases	123,270	134,700
<b>Available for payments</b>	<b>244,349</b>	<b>260,512</b>
Total decreases	(115,548)	(139,433)
<b>Total balance carried to the next period</b>	<b>128,801</b>	<b>121,079</b>
<b>Balance represented by:</b>		
Cash held in the Official Public Account	128,801	121,079
<b>Total balance carried to the next period</b>	<b>128,801</b>	<b>121,079</b>

1. Legal authority: *Australian Crime Commission Act 2002* section 59C.

The purposes of the National Policing Information Systems and Services Special Account (NPISS Special Account) are defined by section 59E of the *Australian Crime Commission Act 2002* and are:

- paying for scoping, developing, procuring, implementing and operating information technology systems and services in connection with the national policing information functions;
- paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the national policing information functions;
- paying any remuneration and allowances payable to any person under this Act in relation to the national policing information functions;
- meeting the expenses of administering the account;
- repaying to a state all or part of an amount received from the state in connection with the performance of national policing information functions, if it is not required for a purpose for which it was paid;
- paying refunds in accordance with section 15A;
- reducing the balance of the account (and therefore the available appropriation for the account) without making a real or notional payment.

The NPISS Special Account was initially established by the *Financial Management and Accountability Determination 2006/07—National Policing Information Systems and Services Special Account Establishment 2006*.

The Account is a special account for the purpose of the *Public Governance Performance and Accountability Act 2013*.

#### 4. People and relationships

##### Note 4.1: Employee provisions

	2021	2020
	\$'000	\$'000
<b>Note 4.1A: Employee provisions</b>		
Employee leave	30,559	30,603
Separations and redundancies	100	–
<b>Total employee provisions</b>	<b>30,659</b>	<b>30,603</b>

##### Accounting Policy

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

##### *Leave*

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The liability for long service leave has been determined by reference to Financial Reporting Rule 24 using the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

##### *Separation and redundancy*

Provision is made for separation and redundancy benefit payments. The ACIC recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the termination.

##### *Superannuation*

The ACIC staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government. A small number of staff are members of employee nominated superannuation funds, as allowed under the ACIC's enterprise agreement. The PSSap and other employee nominated superannuation funds are defined contribution schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The liabilities for defined benefit schemes are recognised in the financial statements of the Australian Government and are settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes. The ACIC makes employer contributions to the employees' defined benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The ACIC accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June 2021 represents outstanding contributions for the final fortnight of the year.

##### Note 4.2: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The ACIC has determined the key management personnel positions to be the Chief Executive Officer, Chief Operating Officer and Executive Directors for Intelligence Operations, Capability, Technology and National Criminal Intelligence Systems.

The key management personnel remuneration excludes the remuneration and other benefits of the Minister. The Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the ACIC.

The ACIC CEO is also the Director of the Australian Institute of Criminology. The full cost of the CEO's remuneration is disclosed in this note and therefore none in the AIC annual financial statements.

Key management personnel remuneration is reported in the table below:

#### Note 4.2: Key management personnel remuneration (continued)

	2021	2020
	\$	\$
<b>Note 4.2A: Key management personnel remuneration</b>		
Short-term employee benefits	1,689,386	1,775,742
Post-employment benefits	291,281	283,017
Other long-term employee benefits	40,889	41,498
Termination benefits	366,185	–
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>2,387,741</b>	<b>2,100,257</b>
<b>Total number of key management personnel<sup>1</sup></b>	<b>6</b>	<b>6</b>

1. Includes officers substantively holding or acting for a period exceeding 3 months in a key management personnel position.

All of the positions except one were occupied for the full financial year. Based on the reporting guidelines each person held the post for a substantive portion of the year.

#### Note 4.3: Related party disclosure

##### Related party relationships:

The ACIC is an Australian Government controlled entity. Related parties of the ACIC comprise the ministers responsible for the ACIC, other cabinet ministers, other Australian Government entities, the key management personnel of the ACIC, and parties related to the ACIC's key management personnel.

##### Transactions with related parties:

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions requiring disclosure.

## 5. Managing uncertainties

### Note 5.1: Financial instruments

	2021	2020
	\$'000	\$'000

#### Note 5.1A: Categories of financial instruments

##### Financial assets

##### Financial assets at amortised cost

Cash and cash equivalents	131,910	124,915
Trade and other receivables <sup>1</sup>	20,669	11,611
<b>Total financial assets</b>	<b>152,579</b>	<b>136,526</b>

##### Financial liabilities

##### Financial liabilities measured at amortised cost

Trade creditors and accruals	15,254	21,922
<b>Total financial liabilities</b>	<b>15,254</b>	<b>21,922</b>

1. Based on the receivable management history and the current debtor management process, the ACIC assessed the risk of impairment as nil (2020: \$0.024m).

**6. Other information****Note 6.1: Current/non-current distinction for assets and liabilities**

	2021	2020
	\$'000	\$'000

**Note 6.1A: Details of current/non-current distinction for assets and liabilities****Assets expected to be recovered in:****No more than 12 months**

Cash and cash equivalents	131,910	124,915
Trade and other receivables	66,481	77,440
Prepayments	7,822	9,448
<b>Total no more than 12 months</b>	<b>206,213</b>	<b>211,803</b>

**More than 12 months**

Buildings	50,746	43,681
Leasehold improvements	12,943	14,609
Property, plant and equipment	40,088	42,096
Intangibles	48,329	37,302
Prepayments	2,706	–
<b>Total more than 12 months</b>	<b>154,812</b>	<b>137,688</b>
<b>Total assets</b>	<b>361,025</b>	<b>349,491</b>

**Liabilities expected to be settled in:****No more than 12 months**

Suppliers	15,254	21,922
Other payables	4,501	7,378
Leases	14,290	10,706
Employee provisions	10,467	10,645
Other provisions	570	15,727
<b>Total no more than 12 months</b>	<b>45,082</b>	<b>66,378</b>

**More than 12 months**

Leases	48,203	45,250
Employee provisions	20,192	19,958
Other provisions	1,735	1,677
<b>Total more than 12 months</b>	<b>70,130</b>	<b>66,885</b>
<b>Total liabilities</b>	<b>115,212</b>	<b>133,263</b>

This note indicates the liquidity position of the ACIC.

## 7. Explanations of major variances between budget and actual

The following are explanations of events that have impacted on the ACIC's operations and activities for the year. Budget numbers are sourced from the ACIC's *Portfolio Budget Statements 2020–21* and are provided in the primary statements. Budgeted numbers are not audited.

Major variances are those deemed relevant or most significant to an analysis of the ACIC's performance by management, not focused merely on numerical differences between the actual and budgeted amounts.

When providing explanations, the ACIC has identified the financial impact in relation to those key aggregates relevant to the ACIC's performance. Users should be aware that there will be consequential impacts on related statements i.e. a variance in the Statement of Comprehensive Income is likely to have consequential impacts in the Statement of Financial Position and the Cash Flow Statement.

Explanation for major variances	Affected line items (and statements)
<b>High national policing check demand</b> <p>The budgeted revenue for NPCS reflected anticipated reduced demand as a result of the pandemic, and in line with significant reductions realised in the final quarter of 2019–20. The actual result however, reflects volumes considerably higher than expected which has resulted in higher revenue collected in the year and a corresponding increase in the agency's cash balance.</p>	<p><i>Own-source revenue: Revenue from contracts with customers (Statement of Comprehensive Income)</i></p> <p><i>Financial assets: Cash and cash equivalents (Statement of Financial Position)</i></p>
<b>Arrangements with other government agencies</b> <p>The agency received \$3.4m operating and \$8.8m capital of services free of charge. The budget estimate had anticipated that these would be paid services. The net impact was an increase in the agency's own source revenue and reduced cash required for the NCIS T1 program. It also re-classified part of the supplier expenses as resources received free of charge.</p>	<p><i>Own-source revenue: Resources received free of charge (Statement of Comprehensive Income)</i></p> <p><i>Financial assets: Cash and cash equivalents (Statement of Financial Position)</i></p> <p><i>Expenses: Suppliers, Resources received free of charge (Statement of Comprehensive Income)</i></p>
<b>Sub-leasing of vacated property</b> <p>In 2020–21 the agency successfully sublet a property that had been anticipated to be surplus to requirement. This increased the agency's own-source revenue and cash balance, and resulted in a reversal of onerous lease provision and recognition of leased assets and liabilities.</p>	<p><i>Expenses: Depreciation and amortisation (Statement of Comprehensive Income)</i></p> <p><i>Own-source revenue: Revenue from contracts with customers (Statement of Comprehensive Income)</i></p> <p><i>Gains: Other gains (Statement of Comprehensive Income)</i></p> <p><i>Financial assets: Cash and cash equivalents (Statement of Financial Position)</i></p> <p><i>Non-financial assets: Leasehold improvements (Statement of Financial Position)</i></p> <p><i>Interest bearing liabilities: Leases (Statement of Financial Position)</i></p> <p><i>Provisions: Other provisions (Statement of Financial Position)</i></p>

Explanation for major variances (continued)	Affected line items (and statements) (continued)
<b>COVID restrictions and reduced business activities</b>  COVID-19 restrictions resulted in significant reductions in travel, employee training and hampered the agency's and contracted vendors' ability to deliver a number of projects. In addition, the agency's ability to interview and conduct prerequisite security clearance for recruiting staff was impacted, resulting in lower than budgeted staffing level.	<i>Expenses: Employee benefits, Suppliers (Statement of Comprehensive Income)</i>
<b>Delays in new measure implementation resulted from delays in enabling legislation</b>  Delays in enabling legislation has resulted in planned implementation activities for three new measures being delayed with appropriation funding adjusted accordingly.	<i>Expenses: Employee benefits, Suppliers (Statement of Comprehensive Income)</i>  <i>Revenue from Government—Departmental Appropriations (Statement of Comprehensive Income)</i>  <i>Non-financial assets: Intangibles (Statement of Financial Position)</i>  <i>Equity: Equity injection—Appropriations (Statement of Changes in Equity)</i>
<b>Legal settlements</b>  The reduction in balance sheet items for cash and provisions reflects the finalisation of a legal settlement.	<i>Financial assets: Cash and cash equivalents (Statement of Financial Position)</i>  <i>Provisions: Other provisions (Statement of Financial Position)</i>