

Annual Report

2019-20



Office of the
Children's Guardian

The Hon John Ajaka MLC
President of the Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon Jonathan O'Dea MP
Speaker of the Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Mr President and Mr Speaker,

In accordance with section 187 and 190 of the *Children and Young Persons (Care and Protection) Act 1998*, and since 1 March 2020 with sections 138 and 141 of the *Children's Guardian Act 2019*, I am pleased to present to Parliament the Office of the Children's Guardian Annual Report for the 2019-20 financial year.

The Annual Report has been prepared in accordance with the *Annual Reports (Departments) Act 1985* and the *Children and Young Persons (Care and Protection) Act 1998*, and the *Children's Guardian Act 2019*.

As provided by section 190(2) of the *Children and Young Persons (Care and Protection) Act 1998*, and section 141(2) of the *Children's Guardian Act*, I recommend that this report be made public forthwith.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Janet Schorer', written in a cursive style.

Janet Schorer PSM
Children's Guardian

Office of the Children's Guardian

Annual Report 2019-20

Our vision

We create safe places for children.

Our purpose

We promote and regulate the quality of child safe organisations, services and people.

Our goals

Child-related organisations and employers of children effectively implement child-safe policies and practices.

Organisations that deliver out-of-home care and adoption services meet child-safe standards for care.

Individuals in child-related work and employers of children understand and meet legislative requirements.

The Office of the Children's Guardian is credible, responsive and accountable.

Our values



Leadership
in quality



Focus on
collaboration



Accountability,
independence
and transparency



Creativity and
continuous
improvement

A new Office of the Children's Guardian's Strategic Plan was under development during 2019-20 with the new plan to be launched mid-2020. It includes updating our vision, purpose and values. Our goals for the next 3 years will also change to deliver the new Strategic Plan. The new Plan may also be a catalyst for changes to the Annual Report next year as we report against the new plan.

From the Children's Guardian



This has been a milestone year for us in so many ways.

New legislation bringing additional functions and responsibilities make this the start of a new era for the Office of the Children's Guardian, beginning with the commencement on 1 March 2020 of the *Children's Guardian Act 2019*.

The Act reinforces the role of the Children's Guardian as the key oversight body and regulator of organisations that work with and for children and young people, with responsibilities and powers to help keep children and young people safer in organisations.

By administering the Working with Children Check, Reportable Conduct Scheme and Child Safe Standards, the Office will deliver comprehensive and streamlined oversight of child safety in organisations.

The Act expands not just the functions of Children's Guardian to include the Reportable Conduct Scheme but has extended the scheme to include the religious and faith-based sector.

Strengthening the scheme in this way is part of the NSW Government response to recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse and is a significant step in our work to continually find ways to better protect children and young people.

The focus of our year was initially in preparing for our new legislation to be enacted, and then beginning to implement the new Act, including transferring the Reportable Conduct Scheme along with the changes to the scheme, with its expanded remit particularly impacting on faith-based and local government sectors.

I am delighted to welcome the Reportable Conduct Directorate into the OCG and my thanks to those who worked so hard to enable that transition to occur so smoothly

Shortly after the transfer of the Reportable Conduct Scheme, COVID-19 hit and we have mostly been working from home since mid-March.

I am immensely proud of how our workforce has responded to the challenges we have faced in the later months of 2019–20. We have shown great agility finding ways to continue our important work, to support one another as colleagues and provide support for our stakeholders to help them keep children front of mind during the pandemic.

On top of this, we continue to lay the groundwork for a possible Child Safe regulatory scheme and review how the Child Safe Standards work across all the work we do. We are reviewing our out-of-home care standards to bring them in line with the Child Safe Standards so that we can all talk about, and bring to life, the one set of Standards.

This will set the Child Safe Standards alongside the Working with Children Check as the pillars of building child safe cultures within organisations that work for and with children and young people in NSW, providing stronger protection for their wellbeing and safety.

A handwritten signature in black ink, which appears to read 'Janet Schorer'.

Janet Schorer PSM
Children's Guardian

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1 About the Office of the Children's Guardian

Creating safe places for
children and young people

Office of the Children's Guardian

Our key responsibilities are to:

- promote the quality of child safe practices
- regulate organisations and individuals providing services to children
- educate employers and organisations about their responsibilities
- monitor organisations and individuals to achieve ongoing, child-centred culture and compliance
- facilitate sector-wide cultural change to achieve safe places for children.

With the commencement of the *Children's Guardian Act 2019*, we now also have responsibility to administer the Reportable Conduct Scheme and legislated oversight of the child-related section of the Official Community Visitor Scheme.

Reporting framework

The *Children and Young Persons (Care and Protection) Act 1998*, and subsequent *Children's Guardian Act 2019*, require the Children's Guardian to provide an annual report to NSW Parliament on the operations of the OCG.

The Children's Guardian reports to Parliament and the Minister for Families, Communities and Disability Services, the Hon Gareth Ward MP.

The Joint Parliamentary Committee on Children and Young People monitors the execution of the Children's Guardian's functions under the *Child Protection (Working with Children) Act 2012* and since March 2020, Part 4 of the *Children's Guardian Act 2019*.

The Office of the Children's Guardian meets its obligations under the *Government Information (Public Access) Act 2009* and other reporting frameworks.

Overview of main functions

Reportable Conduct Scheme

On 1 March 2020, the Reportable Conduct Scheme transitioned to the Office of the Children's Guardian under the *Children's Guardian Act 2019*.

The scheme provides oversight of how certain organisations prevent and respond to allegations that their employees, volunteers or certain contractors who provide services to children have engaged in conduct with or towards children that may be inappropriate.

With the introduction of the new legislation, the scheme has been expanded to also cover religious bodies, in response to recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse.

Under the new Act, the role of the Office of the Children's Guardian in connection with the Reportable Conduct Scheme is to:

- provide advice and education to relevant entities to assist in the detection of and response to reportable conduct
- provide oversight and guidance on reportable conduct investigations and ensure the relevant entity takes appropriate action
- monitor the progress of relevant entities' investigations and conduct inquiries and direct investigations when it is in the public interest to do so

- monitor relevant entities' systems for preventing, detecting and dealing with reportable conduct and reportable convictions.

Under the terms of the transfer in the *Children's Guardian Act 2019*, of the scheme to the Office of the Children's Guardian, details relating to the final four months of the 2019-20 financial year are not required to be reported.

Child safe organisations

The Office of the Children's Guardian has been supporting organisations to develop a child safe culture for many years mainly through providing training and resources.

With the NSW Government accepting in principle the Child Safe Standards recommended by the Royal Commission into Institutional Responses to Child Sexual Abuse, our work in this area has expanded to develop a Child Safe Standards Scheme.

Consultation on the scheme has commenced. Providing capability building and support for organisations to implement the Standards forms the first two-year phase of implementing the Scheme prior to any enforcement or compliance requirements being introduced.

Working with Children Check

The Working with Children Check is one of a number of tools that organisations can use to build a safe environment for children.

People who work or volunteer to provide services to children and young people in NSW are required to have a Working with Children Check application or clearance. It is an offence for a person to engage in child-related work without a current application or clearance.

Employers also have legal responsibilities administering the Working with Children Check.

We monitor employer compliance against the legal requirements with a focus on educating employers who have not verified their workers' Working with Children Checks. Having verified workers' Checks with continuous monitoring is one of the strengths of the system.

Registration systems

The Office of the Children's Guardian manages the Carers Register, which records information about carer applications, authorised carers and their household members who are providing out-of-home care. It is a licensing tool to assist in the selection and probity assessment of carers. Information collated from the Carers Register informs the accreditation and monitoring process for designated agencies.

We are also working towards implementing the proposed Residential Care Workers Register giving effect to a recommendation by the Royal Commission into Institutional Responses to Child Sexual Abuse.

Out-of-home care and adoption

The Office of the Children's Guardian is responsible for regulating and monitoring government and non-government agencies authorised to provide out-of-home care to children and young people across NSW. Our role is to protect the safety, wellbeing and welfare of children and young people who have been placed in out-of-home care through the accreditation and monitoring of care agencies.

The Office of the Children's Guardian also regulates adoption services in NSW. Agencies that offer adoption services are required to be accredited and then meet specific adoption standards and comply with legislative requirements.

Voluntary out-of-home care

Voluntary out-of-home care is an arrangement between an organisation and a parent to provide overnight care to a child under 18 years old, outside of the child's home, and where there are no child protection concerns.

Voluntary out-of-home care provides support for families caring for children and young people with complex needs, many of whom are living with disability. Voluntary out-of-home care can be with a host family, or in a centre-based or residential setting. It can be short or long term.

In NSW all voluntary out-of-home care must be provided or arranged by an agency that is registered with the Office of the Children's Guardian. We monitor the provision and arrangement of voluntary out-of-home care against the relevant procedures and agency registration.

Children's employment

The Office of the Children's Guardian is responsible for monitoring organisations that employ children in the entertainment, exhibition, still photography, modelling and door-to-door sales industries to ensure that the children's welfare while working is given due consideration.

Official Community Visitors Scheme

The child-related function of the Official Community Visitors Scheme transferred to the Office of the Children's Guardian's legislation with the implementation of the *Children's Guardian Act 2019*. Official Community Visitors are independent statutory appointees of the Minister for Families, Communities and Disability Services.

The Official Visitors Scheme covers both child and non-child related functions and so has stayed as one unit and transferred to the Ageing and Disability Commission.

The Office of the Children's Guardian and the Ageing and Disability Commission developed an agreement under section 146 of the *Children's Guardian Act*, that enables the Ageing and Disability Commission to oversee and support Official Community Visitors Scheme on a day-to-day basis.

The Official Community Visitors Scheme produces a stand-alone Annual Report which includes information on the child-related functions, as allowed under the *Children's Guardian Act 2019*. This is available on the Ageing and Disability Commission website as well as our website.

Performance highlights for 2019-20

Consultation and development of a Child Safe Scheme to implement the Child Safe Standards recommend by the Royal Commission

Capability building in child related organisations through our **network of over 20,000 organisations**

9468 people from **1585 organisations** participated in training and information sessions about the Child Safe Standards

81

designated agencies are accredited and delivering out-of-home care and adoption services

18,832 carers authorised on the NSW Carers Register

112

agencies registered to provide or arrange voluntary out-of-home care

20 year anniversary of the Working with Children Check

1,841,854

people in NSW hold a cleared Working with Children Check as at 30 June 2020

345,541

Working with Children Check applications processed in 2019-20

More than

3700

employers audited for compliance with the WWCC

85%

of applications were cleared within five days, when there were no relevant records

46%

of applications were to renew a Check

570

decisions to bar applicants from working with children

A stand-alone Act: *Children's Guardian Act 2019*, commenced 1 March 2020

Reportable Conduct Scheme and team transferred to the OCG

Mid-March shift to online working: remote monitoring and auditing, online training and information sessions, most employees working from home.



2 Legal protection

Creating safe places for children and young people by strengthening a legal framework, and submissions to Inquiries

Children's Guardian Act

Drafting the Children's Guardian Bill was a key piece of work throughout 2019-20. The Bill passed Parliament on 21 November 2019. The *Children's Guardian Act 2019* commenced on 1 March 2020. The Act brings together the Children's Guardian's key functions for the first time into a discrete piece of legislation that works alongside the *Child Protection (Working with Children) Act 2012*.

Key features of the *Children's Guardian Act 2019* include:

- The transfer of the Reportable Conduct Scheme and the child-related work of the Official Community Visitor scheme, both previously administered by the NSW Ombudsman
- Strengthening the Reportable Conduct Scheme to cover the conduct outside of work, of employees of public authorities who work with children
- Continuing the NSW Government's implementation of recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, including extending the Reportable Conduct Scheme to religious bodies and contractors who hold, or are required to hold, a Working with Children Check
- Creating the legislative power to establish a Residential Care Workers Register, which will provide a mechanism for out-of-home residential care providers to exchange information about the safety and suitability of residential care workers, prior to making a decision whether to engage a person.

An extensive communication and education program accompanied the implementation of the *Children's Guardian Act 2019* to ensure stakeholder understanding. We will continue to monitor how the *Children's Guardian Act 2019* operates in practice and respond as appropriate to any stakeholder concerns raised.

COVID-19 related amendments

A number of legislative and regulatory amendments were made to accommodate Working with Children Check applicants who may have been adversely affected due to the COVID-19 restrictions. In particular, providing:

- an extension of time for Working with Children Check renewal applications
- flexibility with proof of identity requirements for applicants.

Reportable Conduct Scheme transition

The Office of the Children's Guardian worked closely with the Ombudsman's office to progress the transition of the scheme's functions and its staff. Work will continue to ensure that the transition has achieved its intended outcomes, and that stakeholders understand their obligations under the transitioned, refined scheme.

Litigation advice and support

The Office of the Children's Guardian proactively responds to Working with Children Check (WWCC) appeal matters to both the NSW Civil and Administrative Tribunal (NCAT) and the Supreme Court.

In 2019-20 there were 66 applications for review including:

- 34 by applicants to NCAT seeking review of the Children's Guardian's decision to refuse a WWCC clearance

- 29 applications to NCAT by applicants who have adult convictions for serious sex or violence offences and were automatically barred. These people must seek an enabling order from NCAT before a WWCC clearance can be granted
- 3 applications to the NSW Supreme Court appealing decisions.

There has also been a decision to cancel the accreditation of a designated agency providing out-of-home care for non-compliance with accreditation criteria. This has been litigated in the NSW Civil and Administrative Tribunal with a decision pending.

We extract any learning from appeal/review court decisions that can be applied to refine our own decision-making processes.

Interjurisdictional work on National Standards and a national database

The Office of the Children's Guardian represented NSW in progressing the Royal Commission's recommendation to have national consistency of Working with Children Check legislation through the Working with Children Checks Interjurisdictional Working Group. The interjurisdictional working group released the National Standards in December 2019 in a landmark initiative.

The Office of the Children's Guardian has also worked with the Commonwealth and other states and territories to establish a national database for exchanging working with children information with other jurisdictions.

Legislative amendments are in train to align legislation with the national standards (though they are largely consistent) and to implement information sharing under the national database.

Policy submissions

The Office of the Children's Guardian makes submissions to public inquiries to advocate on a range of important issues that relate to child protection. In 2020 we prepared submissions to inquiries considering raising the minimum age of criminal responsibility and support for children of imprisoned parents.

Age of criminal responsibility

The Children's Guardian and the Advocate for Children and Young People provided a joint submission to the Council of Australian Government's Working Group to support raising the age of criminal responsibility from 10 years to at least 14 years of age.

This is in line with recommendations by the United Nations Committee on the Rights of the Child and medical consensus on child brain development.

The submission specifically highlighted the experience of socially excluded children and young people, including those in out-of-home care, who are significantly more likely than other children to come into contact with the criminal justice system.

Parliamentary inquiry into imprisoned parents

The Children's Guardian made a submission into the NSW Parliamentary Inquiry into Support for Children of Imprisoned Parents. This Inquiry was established to investigate the impact on children of imprisoned parents and the adequacy of policies and services to assist these children.

Our public submission highlighted that the wellbeing of children must be the primary concern in supporting contact between children and imprisoned parents. Children should also be participating in decisions about contact with their parent or parents who are in jail, as with other decisions that affect their lives. Our submission recommended evidence-based guidelines to help inform carers make better decisions about contact between children and imprisoned parents.

Australian and New Zealand Children's Commissioners and Guardians

The Office of the Children's Guardian is a member of the Australian and New Zealand Children's Commissioners and Guardians (ANZCCG) group, which comprises national, state and territory children and young people commissioners, guardians and advocates.

The ANZCCG aims to promote and protect the safety, well-being and rights of children and young people in Australia and New Zealand. Support for the ANZCCG has traditionally been a shared function across represented jurisdictions.

COVID-19 reduced the capacity across most jurisdictions, and so, the Office of the Children's Guardian offered to provide ongoing interim secretariat support during the pandemic.

Key priorities for the ANZCCG for the 2019-20 year were:

- achieving better outcomes for Aboriginal children and young people
- promoting young people's engagement and participation
- promoting children's safety and wellbeing, including solutions to child poverty
- upholding the rights of children and young people in contact with the youth justice system, including increasing the age of criminal responsibility to at least 14 years.



3 Creating safe places

Working towards
implementing the Child
Safe Standards across
NSW

Consultation on implementing Child Safe Standards

The NSW Government accepted, or accepted in principle, all recommendations to make organisations safer for children in the Final Report of the Royal Commission into Institutional Responses to Child Sexual Abuse. This included implementing the Royal Commission's Child Safe Standards.

The NSW Government also accepted in principle, the recommendations that organisations engaging in child-related work should be required to meet Child Safe Standards and be held accountable for their implementation through independent oversight.

The 10 Child Safe Standards provide a framework for organisations to create and maintain child safe spaces, guiding the development of child safe practices, behaviours and cultures. They encourage organisations to proactively manage or mitigate the risk of harm to children and demonstrate progress on this.

Developing a Child Safe Standards Scheme

The Office of the Children's Guardian is developing a regulatory scheme to support the implementation of the Child Safe Standards in child-related organisations in NSW.

This is being informed by feedback received from extensive consultations undertaken in 2019. We released our report, 'Making organisations safer for children', in July 2019. It includes information provided through our direct consultation with over 50 stakeholders, and from almost 60 written submissions and more than 160 survey responses.

Most stakeholders supported a principle-based and outcome focussed approach to regulation that prioritises capacity building and support, with proportionate mechanisms available to the Office of the Children's Guardian to monitor and enforce implementation of child safe practice, in line with the Child Safe Standards. In September 2019 and March 2020, we undertook further targeted consultation with key stakeholders which continues.

Preparing for the Child Safe Standards

In 2019-20, the Office of the Children's Guardian began a program to build capability in sectors that deliver services for children and young people following the NSW Government's in-principle adoption of the Standards from the Royal Commission's final report.

As we work towards developing a mandatory child safe scheme, our focus for the next two years, phase one of the program, is on capability building and support using the Child Safe Standards as the foundation.

Our focus is on six sectors: faith based, local government, education, early childhood, Aboriginal agencies and sports clubs and associations. Five of these are expected to be included in the Child Safe Scheme, and the sports sector has been identified as high risk and wanted to participate.

The first phase of implementing the Child Safe Standards focuses on:

- building capability through developing partnerships and networks, and
- providing support through training, information sessions and resources.

Building capability

There is a recognised need identified through our consultation, to build deep understanding about the Child Safe Standards, before we implement any compliance or enforcement components.

Our capability building work comprises building partnerships with organisations, particularly peak bodies, and developing networks through sector specific meetings, events, conferences and building communities of practice.

The local government and faith-based sectors required additional support this year as their involvement in being child-safe has expanded with the changes to the Reportable Conduct Scheme under the new *Children's Guardian Act 2019*. We have increased our network in these sectors by some hundreds.

Since we began this work in September 2019, our network now reaches a total of over 20,000 organisations across these six sectors.

Providing support

The Office of the Children's Guardian has for many years offered free training to all organisations that provide child-related services.

While the Child Safe Standards Scheme is expected to cover only those organisations included under the Reportable Conduct Scheme, we still offer training and resources for any organisation wanting to improve their child-safe culture and practices.

We launched the Guide to the Standards, a foundation resource for implementing the Child Safe Standards, in June 2020. This Guide is expected to be used as a working document to assist organisations to build from the ground up or to strengthen what they already have in place. Additional resources being developed will build on the Guide to form an implementation pack.

We are now working directly with the sectors that we expect to fall under the Child Safe Standards Scheme to deliver training and resources tailored for their needs, as well as still offering our Child Safe and SAFESpace face-to-face and online training.

Our Child Safe and SAFESpace eLearning programs were endorsed by NSW Education Standards Authority in 2019 and now count towards professional development hours for educators. There was a 164% increase in completion of our eLearning courses from last financial year, in part is due to 1040 educators completing the full six-hour Child Safe course.

Impact of COVID-19

COVID-19 had a significant impact on our stakeholder engagement and Child Safe Standards awareness program. In March 2020, we cancelled all scheduled face-to-face training until at least August 2020.

In 2020, we developed videos and moved to webinars to reach our stakeholders. Overall, a total of 13,127 people viewed videos, attended training and webinars and undertook our eLearning program in 2019-20.

Our Child Safe information sessions—some general others sector-specific—moved online to become webinars in response to COVID-19. Benefits of being online are that a single webinar can host up to 500 whereas a face-to-face session is limited to around 20 and it is much easier for those in rural, regional and remote areas to participate.

As we expect our online sessions to continue into the future, we will cease reporting metro/regional statistics next year as this split is no longer as relevant, reporting instead just online and face-to-face.

We are also working to expand our online options to include community of practice sessions, panel discussions (of which we held our first this year), forums and skill-building sessions focusing on specific topics.

Table 3.1 Child Safe Organisations activities undertaken in 2019-20

	Sydney metro face-to-face events	Regional face-to-face events	Online*	Number of organisations	Total people participating
Child Safe Standards activities**	9	2	21	649	1168
Child-safe training – general information on how to be child safe	23	16	5743	207	6479
SAFESpace – focused for disability sector	7	0	679	22	809
SAFE series – protective behaviours program for early childhood sector	34	20	-	300	1012
Total	73	38	6443	1178	9468

*Online includes videos, eLearning, webinars, and other information sessions being run virtually rather than face-to-face.

**Child Safe Standards includes information sessions, one panel discussion, webinars which have all been online since April 2020.

Safer employment for children

The Office of the Children's Guardian monitors organisations that employ children under 15 years old in the entertainment industry and under 16 years old in the modelling industry. There is a Code of Practice that sets out the minimum required standards when employing children within these industries.

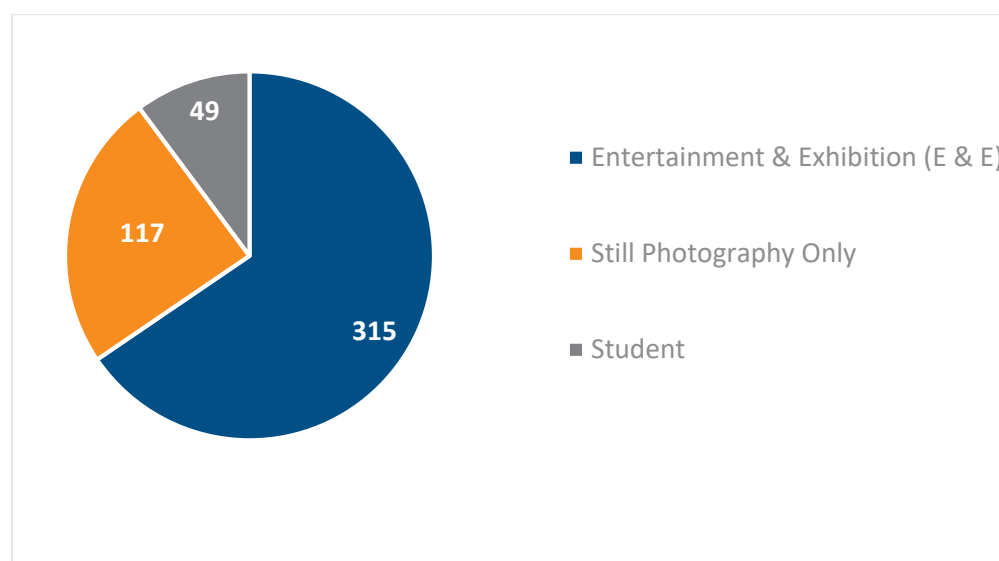
We issue employers with an authority to employ children in the categories of entertainment and exhibition, still photography, and student productions. Through this process, employers register their intention to employ children in NSW with the Office of the Children's Guardian.

In 2019-20, we received 481 applications for an authority to employ children within NSW, a decrease of 19% compared to the previous year. Applications for authorities significantly declined in April and May 2020 because of COVID-19.

Table 3.3 Authority to employ children

Authority length	Number of applications
One week	337
Three months	12
Six months	6
12 months	126
Total	481

Figure 3.1 Employer's authority applications by type, 2019-20



Productions

Employers holding an authority need to notify the Office of the Children's Guardian of the details of children's work in each production; the risks associated with the work and their risk management strategies.

In 2019-20, we received 1049 notifications of productions employing children, a decrease of 19%. Notifications of children's work significantly declined in April and May 2020 during the COVID-19 pandemic. Despite the overall decrease in notifications, there were notable increases in:

- film (81% increase from 81 in 2018-19 to 147 in 2019-20)
- online video (142% increase from 36 in 2018-19 to 87 in 2019-20)
- fashion still photography (42% increase from 179 in 2018-19 to 254 in 2019-20). This increase resulted from our program to increase engagement with modelling agencies.

Compliance

We undertake a range of compliance activities to check employers are adhering to the requirements of employing children and young people.

We completed 83 compliance checks through unannounced inspections of work conditions that were identified through a risk-based approach. In response to the COVID-19 pandemic, in May and June 2020 we undertook 24 desktop compliance checks by contacting employers after work was completed. We completed a total of 107 compliance checks, a 41% increase from 2018-19. Of the employers checked, 62 were compliant and 45 in breach of the legislation. Depending on the seriousness, those in breach receive a reminder, more formal warning with an invitation to participate in an education session or are investigated.

We issued five penalty infringement notices, an increase from the four penalty notices issued in the previous year.

Of the five penalty infringement notices:

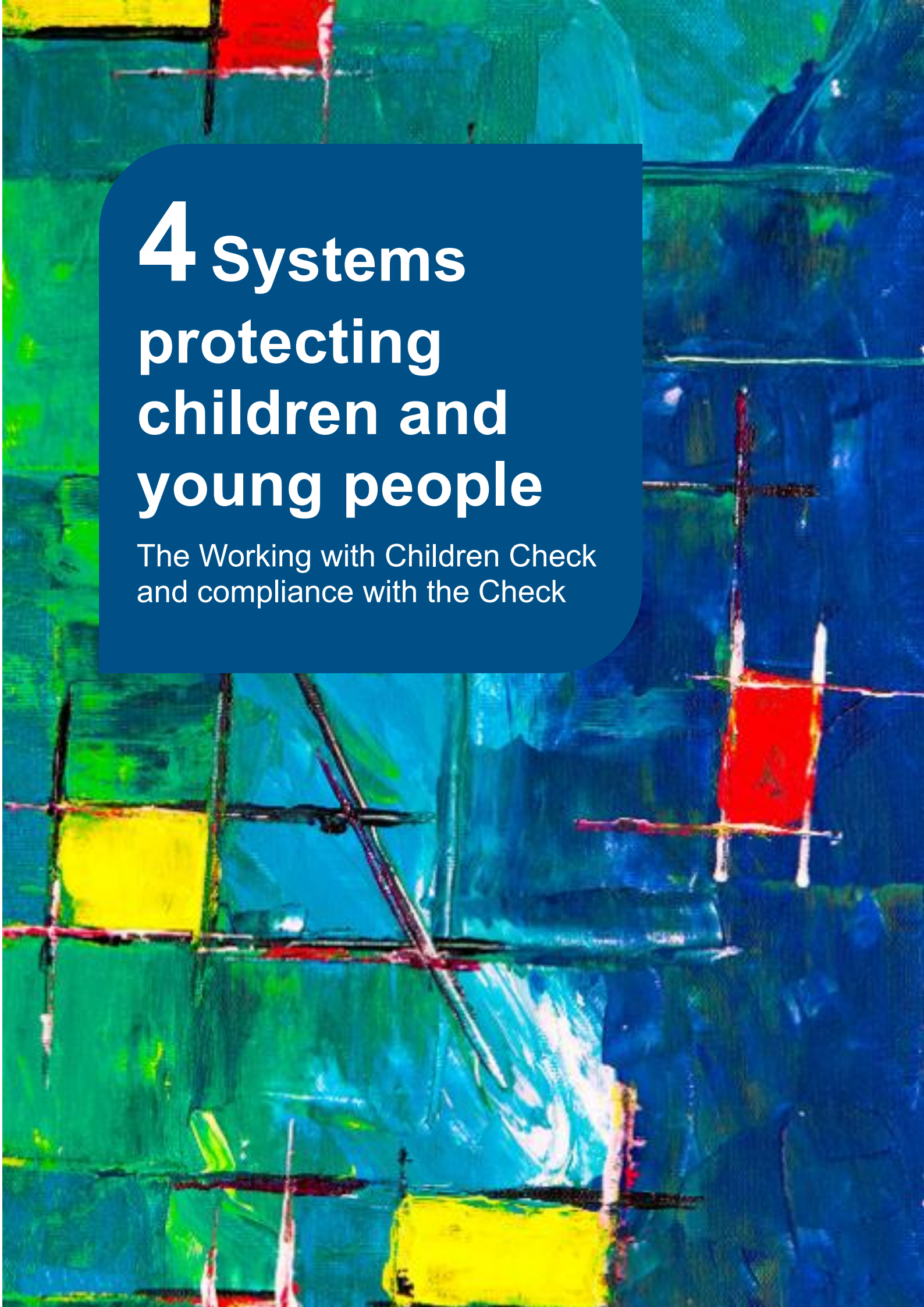
- two were issued to employers that did not obtain an authority while employing children
- two were issued to employers who failed to notify us of employment of a child
- one was issued to an employer who failed to notify of risks identified in connection with employment of a child.

In addition, 25 formal warnings were issued to employers and of those eight participated in education sessions to improve compliance.

Capability building

In addition to our compliance program, we met with 44 organisations as part of an educational campaign to raise awareness about the requirements for employing children and to build understanding around why the safeguards exist.

This included visits to 27 locations that were deemed high risk and 17 employer and stakeholder meetings to encourage upfront compliance with the children's employment legislation.



4 Systems protecting children and young people

The Working with Children Check
and compliance with the Check

Working with Children Check system

People who work or volunteer to provide services to children and young people are required to have a NSW Working with Children Check (WWCC) application or clearance.

The WWCC involves a national criminal history check through the Australian Criminal Intelligence Commission and NSW Police as well as our own data base of findings of workplace misconduct involving children. Information considered includes juvenile offences, offences against adults, and charges that did not result in a conviction. Offences that did not involve children are also considered because of their potential impact on children, even though a child may not have been the primary victim.

We also consider information provided by the applicant during the risk assessment process to ensure the process is procedurally fair and balanced. This can include employment references, evidence of professional services being used, how long has passed and conduct since the incident(s).

20 years of the Working with Children Check

The Working with Children Check was originally established in NSW across 6 approved screening agencies in 2000 and so marked its 20 year anniversary in 2019-20.

The WWCC was updated on 15 June 2013 and centralised to be managed by the Office of the Children's Guardian. A key change at this time was the introduction of continuous monitoring which still occurs and is a strength of the NSW Check.

The NSW Working with Children Check was acknowledged by the Royal Commission into Institutional Responses to Child Sexual Abuse in 2015 as one of the most comprehensive in the country.

COVID-19 response

The overall number of applications, both new and renewals has decreased in 2019-20, as a result of the pandemic.

As part of our response to COVID-19, we amended the Working with Children Check legislation allowing us to extend all WWCC clearances that were due to expire from 26 March 2020 to 26 September 2020 for a further six months. This resulted in around 100,000 extensions where people were not required to attend a Service NSW to pay or show identity documents. They are, however, still covered by the ongoing monitoring the system provides.

The amended legislation also gave authorised carers and adult members of carers' households the option of providing certified copies of their proof of identity documents to their foster care agency, instead of going to a Service NSW Centre. Arrangements for verifying identities were also modified for authorised carers and adult household members.

A blue rectangular box containing white text. On the left side of the box is a vertical white bar. The text inside the box reads: "1,841,854 people in NSW hold a cleared Working with Children Check".

1,841,854

people in NSW hold a cleared
Working with Children Check

Renewal phase

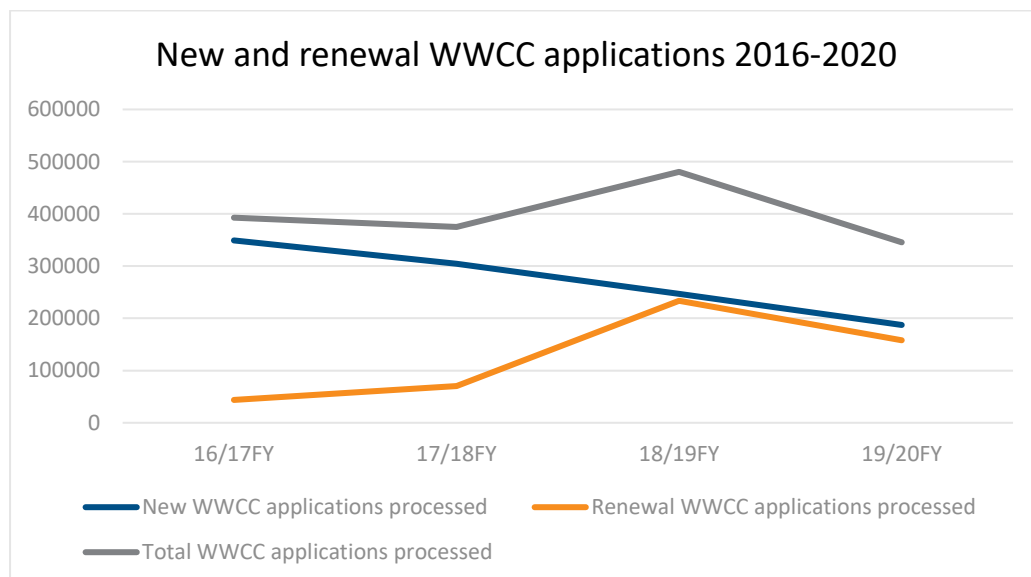
The five-year phase-in period for all child-related employment sectors to transition to the new WWCC system was completed in 2018. As a Check lasts for 5 years, the renewal phase commenced from June 2018. New WWCC applications are made by people entering or returning after an absence to child-related work. Renewal applications are for people continuing in child-related work as their Check reaches its expiry date.

In 2019-20 a total of 345,541 applications were processed: a 28% decrease in the number of applications received in 2018-19. Of these applications, 158,215 (46%) were to renew a Check.

345,541 applications were processed in **2019-20**

46% were renewal applications

54% were new applications



Automatic clearance

Where screening shows an individual does not have any police or workplace records, or their records are not relevant to working with children (for example driving offences), clearances are issued automatically.

85% of individuals were cleared within five days of applying
when there were no relevant records.

Automatic disqualification

Records under Schedule 2 of the *Child Protection (Working with Children) Act 2012*, result in a disqualification from working with children. For example, convictions for sex offences or child exploitation material.

Other types of records are reviewed against the risk assessment requirements in Schedule 1 of the Act. Equivalent records from other States and Territories, including offences under a law of a foreign jurisdiction, also lead to an automatic disqualification or a risk assessment.

In 2019-20, there were 470 applicants who were automatically disqualified from working with children.

Relevant records

If a person has police or workplace misconduct records that fall under Schedule 1 of the *Child Protection (Working with Children) Act 2012*, or might be relevant to the safety of children, the records are assessed before a decision is made.

Reportable conduct findings by employers and other reporting bodies are an important source of information. Under the new *Children's Guardian Act 2019*, reportable conduct findings and other information relating to a 'real and appreciable risk' to children are considered as part of an application.

46,193 applications returned police or workplace misconduct records, in 2019-20.

We were notified of 122 workplace misconduct records through the Reportable Conduct Scheme and from designated agencies. There is a cumulative total of 5269 relevant records held in the WWCC system as at 30 June 2020 that covers workplace records, notification of concern from the NSW Ombudsman and reportable conduct from relevant agencies.

In addition, as the system includes continuous monitoring, we are alerted to any new police or workplace misconduct records relating to clearance holders and review these. In 2019-20 through the continuous monitoring process, we were notified of 4881 continuous check events.

All applications with records are reviewed to determine if they should be disqualified, cleared, or referred for an assessment of risk to children. In the past year, after reviewing all relevant records from these various sources:

- 41,912 individuals were granted clearances as they had no relevant records relating to the safety of children
- 470 individuals were automatically disqualified from working with children due to the presence of a Schedule 2 record
- 3811 individuals were referred for risk assessment due to the presence of a Schedule 1 record, or other records relevant to the safety of children.

Applications requiring risk assessment

When a risk assessment is required, we request further information from the applicant and other agencies to ensure we have all relevant information before we decide to grant or refuse a clearance. Applicants are given opportunities and are encouraged to participate in the process.

Risk assessment factors include:

- the applicant's conduct: seriousness of the offence(s), how long ago
- their age at the time of the offence, age now and conduct since
- ages of the victim(s), vulnerability, and their relationship to the applicant
- the likelihood of recurrence and impact on children.



We refuse a clearance to work with children if the Children's Guardian is satisfied that the applicant poses a real and appreciable risk to the safety of children based on the *Child Protection (Working with Children) Act 2012*.

Total risk assessments

In 2019-20 there were 3811 applications referred to risk assessment. We finalised 1238 risk assessments with a decision to either refuse or grant a clearance to an individual.

In some cases, we impose an interim bar while the risk assessment is conducted if there is a likely risk to the safety of children. Each application is assessed on its own merit and level of risk. In 2019-20, we imposed 364 interim bars.

Risk assessment outcomes

In 2019-20, we cleared 1138 applications following a risk assessment and disqualified 100 individuals through the risk assessment process.

Applications closed

We can close applications or cancel clearances within 3 months if people do not respond to a Notice of Risk Assessment which requests information from them. We have worked to increase engagement in the risk assessment process by improving our correspondence and phone contact with applicants to identify and reduce barriers to engaging in the assessment process.

In 2019-20, we closed 2280 applications as we did not receive a response and applicants did not provide a reasonable excuse for not doing so. These individuals can apply for a new application if they still require a Working with Children Check.

Table 4.1 Risk assessments processed and outcomes, 2018–20

Activity	2017-18	2018-19	2019-20
Total WWCC applications processed	375,094	480,485	345,541
New WWCC applications processed	304,629	246,906	187,326
Risk assessments with outcomes	4978	3684	3988
Individuals automatically barred due to Schedule 2 records	422	448	470
Individuals interim barred during risk assessment	774	312	364
Individuals barred after risk assessment	209	95	100
Individuals cleared following risk assessment	1163	868	1138
Applications terminated after referral to risk assessment	3134	2253	2280

Table 4.2 Refusals for a Working with Children Check, 2018–20

Year	2017-18	2018-19	2019-20
Working with Children Checks applications received	375,094	480,485	345,541
Number of barring decisions	631	614	570
% of barring decisions (of total applications each year)	0.17%	0.12%	0.17%

Table 4.3 Refusals for a Working with Children Check, 2019-20

Year	2019-20	New applications received	Renewal applications received
Working with Children Checks applications received	345,541	187,326	160,119
Number of barring decisions	570	0.07%	0.01%

Process improvements

The Office of the Children's Guardian has been working to improve engagement with Aboriginal applicants who are at risk of non-engagement, particularly to support them through the risk-assessment process. We have made practical changes to our communication to increase awareness of the process. We have built links in the community working closely with relevant legal services and have developed targeted resources and referral pathways to encourage more Aboriginal applicants to apply.

Over the 2019-20 financial year, we have been refining a real and appreciable risk framework following amendments in 2018 to the *Child Protection (Working with Children) Act 2012* which included a definition of 'risk to the safety of children' that is 'real and appreciable'.

The framework, which has been reviewed by our Expert Advisory Panel, will assist risk assessment officers in their work reviewing WWCC applications. The Expert Advisory Panel, is a group of specialists in fields such as forensic psychology, mental health and criminology that assists the Office of the Children's Guardian make well-balanced decisions.

Working with Children Check compliance

This year we are transitioning our data in this section to financial year reporting. To allow comparison with last year, for this year and next we will provide calendar year data in brackets where it has been provided previously.

The *Child Protection (Working with Children) Act 2012* and the *Child Protection (Working with Children) Regulation 2013* establish the legal obligations of employers in relation to WWCC compliance.

To be compliant, employers in child-related work have a legal responsibility to:

- register online as an employer
- verify all employees and volunteers in child related roles,
- remove any barred or unauthorised person from child-related work, and
- maintain required records.

We monitor employer compliance against these legal requirements both proactively and reactively.

Reactive work involves matters that come to us from the Working with Children Check system through the processing of check applications and risk assessments and through entities registering as employers, as well as from external and internal referrals and reports of concern we receive from other organisations, government agencies and from members of the public.

Our proactive work is targeted towards higher risk organisations using intelligence from the Working with Children Check system and trends based on data collated through previous compliance activities.

Importantly, when an individual lodges an application for a Working with Children Check they become part of a system that provides continuous monitoring for new police charges or workplace misconduct reports. If we are notified of new records, we review them. This can lead to the person having their Check cancelled. If this happens, we notify their employer and that person must be removed from any child related work.

In the 2019-20 financial year there were 972 (952 in the 2019 calendar year) people who committed offences that were identified through our systems and resulted in them being barred from working with children.

Work sector audits

In 2019-20 financial year, we contacted over 3700 (2400 in 2019) employers to audit them as part of our compliance program focusing on the following areas:

- dormant employers – employers who had registered but not verified an employee for more than 3 years
- tuition
- new employer registrations not verifying

The only purpose for registering as an employer in the WWCC system should be to meet the legal obligation to verify a worker's WWCC status. We contact any employers who newly registered but do not verify any workers, to support them to meet their compliance requirements.

Initial contact was made with 727 newly registered non-verifying employers. 333 of these employers were not in child related work and 173 had created duplicate registrations. 156 newly registered employers verified their workers after we made contact.

- unverified renewed clearances

This cohort was of applicants who had recently renewed their WWCC but had not been verified by an employer. Sectors with a high number of unverified renewed applications included clubs and other bodies, adult household members living with an authorised carer, authorised carers, and parent volunteers.

In the 2019-20 financial year, we contacted 2376 (853 in 2019) unverified applicants. Of these applicants, 860 did not require a check either because they were not working with children or were exempt under the Regulations from being required to obtain a check clearance. Where an employer could be identified, we contacted the employer and provided information to help them comply.

Continuous monitoring

If a person's WWCC status changes through the continuous monitoring process, the Office of the Children's Guardian will contact any verifying employers to establish if the person is still engaged in child related work. Where it is confirmed the person is engaged, we notify them of the worker's change in status so that the person is removed from child-related work. The employer is required to confirm in writing that this has been completed.

Noting that one barred person can have multiple employers, from 1 July 2019 to 30 June 2020:

- 972 (952 in 2019) barred applicants were reviewed
- 525 employers who had verified the barred person were notified of a change in status
- 532 organisations were contacted with child related inquiries as a potential employer, whether verifying or un-verified
- no employer was identifiable for 396 applicants.

We contacted every verifying employer of barred applicants via phone or email.

If a person had not been verified, we use all data available to try to identify any possible employer. Contact with non-verifying employers found that in 11 cases the barred applicant was working with children and in each case the worker was removed from that work.

Closing applications

Closed WWCC applications are checked through our compliance audit program. An application is considered closed:

- when an applicant requests to withdraw their application, which requires approval of the Children's Guardian
- when an applicant surrenders their clearance with the approval of the Children's Guardian
- if a person subject to a risk assessment has failed, without reasonable excuse, to provide further information within three months of the request
- where a person has provided incorrect or incomplete information on their application.

When an application is closed, the applicant must not begin or continue to work in child-related employment. Employers who have verified an applicant whose application has subsequently been closed, are contacted to advise that the worker is not permitted to work with children.

From 1 July 2019 to 30 June 2020:

- 1289 (1228 in 2019) WWCC applications subject to risk assessment where the applicant was verified by an employer, were closed
- 30 of the 1289 (17 of the 1228) closed applications were found to be still working in child-related roles but were removed after we advised employers that the WWCC applications had been closed.

Allegations

The Office of the Children's Guardian reviews instances of alleged non-compliance with the Act and Regulation. Allegations are received from many sources including other government agencies, internally or from concerned members of the public. All allegations received are treated seriously and are investigated thoroughly.

From 1 July 2019 to 30 June 2020, we received 143 (133 in 2019) instances of alleged non-compliance or misconduct towards children. 110 (97) which is 77%, of these matters required further action and 2 were referred to NSW Police.

Compliance education sessions

We began hosting face-to-face compliance education sessions across NSW at locations chosen using risk analysis data during the year. Child related employers were invited to gain a better understanding of their compliance requirements with the Working with Children Check.

From 1 July 2019 to 30 June 2020 we held 22 education sessions, with 420 representatives from child related employers attending. With the COVID-19 pandemic, face-to-face sessions for most second half of the year had to be cancelled.

NDIS Worker Check

The National Disability Insurance Scheme (NDIS) Worker Check is in the final stages of development. We have been finalising the required operational procedures and resources, information for applicants and IT systems. This includes finalising nationally consistent operational arrangements with the Commonwealth and other States and Territories.

The Intergovernmental Agreement on Nationally Consistent Worker Screening for the National Disability Insurance Scheme outlines the national policy arrangements for NDIS worker screening.

The *National Disability Insurance Scheme (Worker Checks) Act 2018* was enacted in November 2018. This provides the requisite powers and functions to administer the new check in NSW.

In June 2020, the National Disability Insurance Scheme (Worker Checks) Regulation 2020 commenced. The Regulation prescribes disqualifying and presumptively disqualifying offences, and the corresponding laws to support national information sharing.

The NDIS Worker Check is expected to commence in NSW in February 2021.

Child Sex Offender Counsellor Accreditation Scheme

In 2019, we commenced a review of the Child Sex Offender Counsellor Accreditation Scheme (CSOCAS). This Scheme accredits counsellors working with adults who sexually offend against children and children and young people with harmful sexual behaviours.

CSOCAS has been operating in NSW for nearly twenty years and was originally established to improve service quality of practitioners providing expert opinion to the Courts.

The review sought feedback from the broader CSOCAS membership and key NSW government stakeholders. Overall, the review found that members consider the Scheme adds value but that there are areas for improvement particularly to the accreditation process.

To allow time to develop and implement the improvements, we suspended the scheme until 2021.

We are working in partnership with NSW Health and the NSW Department of Communities and Justice to revise assessment criteria and develop new accreditation guidelines.

As recommended by the Royal Commission, the review includes developing an interagency framework to improve prevention and responses to children and young people with problematic and harmful sexual behaviour.

Accreditation has already been identified as a key element of specialist workforce development within this framework.



5 Regulating standards of care

Monitoring and accrediting out-of-home care – both statutory and voluntary and managing registers

Regulating statutory out-of-home care and adoption

The Office of the Children's Guardian regulates and monitors statutory out-of-home care and adoption services in NSW. We have two main functions in this area:

- we accredit agencies to provide out-of-home care and adoption services
This involves assessing designated agencies seeking accreditation for the first time and assessment of agencies seeking to renew their accreditation to provide out-of-home care or adoption services.
- we monitor and oversee out-of-home care and adoption agencies
We ensure that accredited designated agencies continue to meet their responsibilities throughout their period of accreditation.

This year the OCG completed 17 accreditation renewal assessments and commenced a further 2 renewal assessments for designated agencies.

Designated agencies and adoption agencies are accredited once they have demonstrated they meet the responsibilities under the *Children's Guardian Act 2019* and prior to 1 March 2020, the *Children and Young Persons (Care and Protection) Act 1998* and the *Adoption Act 2000* and comply with the NSW Child Safe Standards for Permanent Care. Accreditation is the process we use to assess a designated agency's systems and performance, as well as to identify and promote continuous improvement.

Designated agencies are required to meet these standards throughout the period of their accreditation. A Notice of Condition of Accreditation is issued to each accredited agency. The Office of the Children's Guardian can defer, suspend or cancel an agency's accreditation if it fails to comply with any of the conditions. A copy of the notice is published on our website.

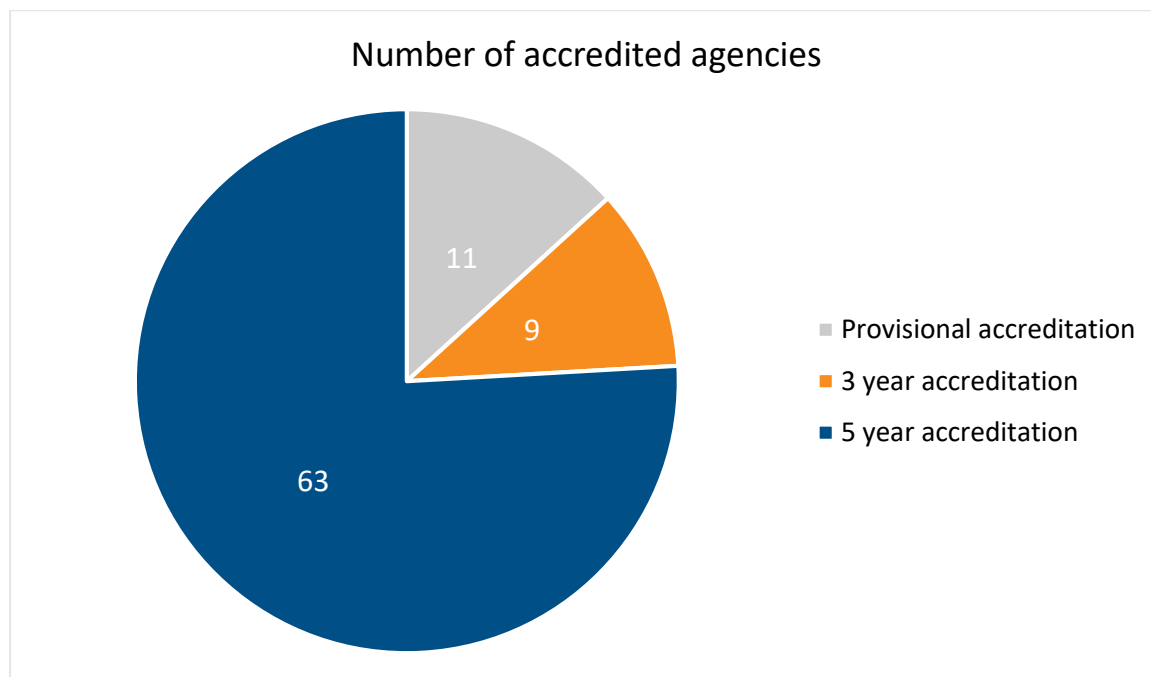
This year, the challenges posed by COVID-19 and the subsequent public health orders directly impacted service delivery, casework and the authorisation process for carers. We worked with the sector to develop practice guidelines on home visits, home safety inspections, carer assessments and family contact arrangements, to align with health advice and continue to keep children and young people safe during the pandemic.

Designated agencies

On 30 June 2020, 83 designated agencies have been accredited, of which 81 agencies are providing statutory out-of-home care in NSW. They include non-government providers and the Department of Communities and Justice.

Of the 83 designated agencies, 26 also provide voluntary out-of-home care. The agencies accredited to provide, or arrange for, foster care can access the Carers Register. Information on voluntary out-of-home care and the Carers Register is included in this section.

Figure 5.1 Accredited agencies in NSW



There are now 10 Aboriginal community controlled organisations accredited to provide out of home care and 5 new Aboriginal community controlled organisations have been provisionally accredited.

This year we delivered a number of workshops designed to build capacity and increase the number of Aboriginal community controlled organisations accredited to provide out-of-home care to Aboriginal children and young people. The feedback we received from workshop participants was overwhelmingly positive.

We also accredited 4 non-government agencies to offer both adoption and out-of-home services.

Monitoring out-of-home care agencies for compliance

Throughout each year, the Office of the Children's Guardian visits agencies to monitor that designated agencies continue to meet their legislative requirements and are taking steps to review and improve their practice.

During a visit we have discussions with key staff, review documentation about individual children and systems. We assess compliance with child protection requirements, suitability of placements and care environments.

We conducted 9 planned monitoring visits this year. While the majority of agencies met the requirements of the standards our assessments identify areas for development and continuous improvement. Two agencies were required to develop an action plan on how they planned to address the issues we identified during the assessment.

This year we conducted 3 responsive monitoring visits. The agencies demonstrated that they met the standards, however, we provided feedback suggesting further areas for improvement. We have arranged follow up visits to continue monitoring these agencies' progress.

We continue to oversee and monitor the roll out of the Intensive Therapeutic Care service system funded by the Department of Communities and Justice.

Safety for children and young people in non-home-based emergency care

Non-home-based emergency care (also known as alternate care arrangements) is the immediate placement of children and young people into a motel, hotel, serviced apartment or other short-term accommodation until a suitable foster care or residential care placement can be arranged. It is also known as alternative care arrangements.

In these circumstances, designated agencies may authorise a person from an external agency to provide this type of emergency care. Designated agencies must take steps to ensure any employee or person they have engaged is safe and suitable. We have issued Guidelines for the Emergency Authorisation of Staff and Contractors to inform designated agencies of their obligations and reporting requirements in respect to emergency care. Designated agencies must adhere to the guidelines under their conditions of accreditation.

The guidelines also require designated agencies to notify the Office of the Children's Guardian at three stages of every emergency placement. We are to be notified at the following points every time an emergency placement is arranged:

- within 24 hours of the child or young person entering the non-home-based emergency placement
- within 7 days from the start of the placement, provide a copy of the agency's transition plan that identifies the steps that will be taken to move the child or young person to a permanent, suitable placement
- within 7 days of the placement ending, details of where the child and young person has been placed.

The reporting requirements allow us to monitor the circumstances, the length of time and the supports and arrangements being made to transition children and young people into more suitable long-term placements. We track and assess the placements with the relevant designated agencies.

In 2019-20, there were a total of 484 non-home-based emergency care placements: 311 managed by the Department of Communities and Justice and 173 by non-government agencies.

The number of emergency placements that ended during the same time period is 542:

- 344 arranged by Department of Communities and Justice and
- 198 by non-government agencies.

The higher number of cases ending this year than starting is due to emergency placements being arranged in the previous year but ending in 2019-20.

Information reported to the Office of the Children's Guardian

As part of their obligations under the accreditation scheme, designated agencies are required to notify the Office of the Children's Guardian of when a child or young person in out-of-home care has made an allegation of sexual misconduct or serious physical assault by a staff member or volunteer.

Agencies are also required to notify us when a child or young person dies while in statutory out-of-home care and when a child under 12 years old is placed into residential care. Once we receive a notification, we carefully assess the information to determine whether the agency is meeting its legislative requirements. We may decide to make additional inquiries and use the information to inform our monitoring decisions.

Table 5.1 Information reported relating to out-of-home care in 2019-20

Information reported	NGOs	Dept Communities and Justice	Total
Allegations of sexual misconduct or serious physical assault by staff, carers and volunteers	96	53	149
Death of a child or young person in statutory out-of-home care	2	2	4
Number of children under 12 years old placed in residential care	18	0	18

Department of Communities and Justice

In 2019-20 we completed monitoring of 8 Department of Communities and Justice (DCJ) districts, commenced the monitoring review of DCJ adoption services and continued assessing a DCJ unit with provisional accreditation.

Adoption

If a designated agency seeks to provide adoption services, they are required to comply with legislative requirements and to demonstrate they meet specific additional adoption standards. Once a designated agency is accredited, it can process the adoption of children.

There are four designated agencies who have been accredited to provide adoption services and one agency with provisional accreditation.

At the end of the year, we had begun engaging with another designated agency to progress their application for assessment for provisional adoption accreditation.

Voluntary out-of-home care

In NSW, all voluntary out-of-home care must be provided or arranged by either a designated or registered agency. We administer voluntary out-of-home care regulatory requirements, manages agency registration and monitors compliance against the requirements.

The voluntary out-of-home care system is now in its ninth year since launching in February 2011.

Our management and registration of the voluntary out-of-home care system aims to:

- safeguard the interests of children and young people with complex needs, many of whom have disabilities, and to provide support to the families caring for them
- make it possible for children, young people and their parents to access relevant information, and meaningfully participate in planning and decision-making about their care
- improve the consistency and quality of intake, assessment, planning, care and interagency coordination
- improve knowledge of a child or young person's care history and previous case plans, to support improved care planning and information sharing
- ensure that children and young people in longer term care, benefit from comprehensive and holistic case planning.

The total number of voluntary out-of-home care agencies was 112 at the end of June 2020. This has decreased by 11 since this time last year.

Over the year:

- 24 agencies withdrew their voluntary out-of-home care registration for a variety of reasons including that they no longer provide overnight care and due to the cessation of the former Commonwealth Carers Respite Centres
- one agency had its registration cancelled by the Children's Guardian due to ongoing breaches of its conditions of registration that placed children at unacceptable level of risks. The agency appealed the decision of the Children's Guardian to the NSW Civil and Administrative Tribunal and subsequently withdrew its application
- 16 new agencies registered to provide or arrange voluntary out-of-home care.

Table 5.2 Agencies providing voluntary out-of-home services, 30 June 2020

Agency type	Number of agencies
Registered agencies	88
Designated agencies	24
TOTAL	112

During 2019-20 we monitored a total 137 agencies. This includes agencies that were no longer registered at the end of the year.

We conducted on-site monitoring visits to 41 agencies to review their compliance and undertake capacity building activities that promote child safe practices within the agencies' programs.

Due to COVID-19, all on-site monitoring visits were suspended from mid-March 2020. Where possible, we replaced these with remote assessment to continue our oversight of agencies providing voluntary out-of-home care.

To support agencies' understanding of the *Children's Guardian Act 2019* and its implications for voluntary-out-of-home care, we produced information and webinars specific for the sector. We also began assessing agencies' policies to ensure the legislative changes were understood and being complied with.

Children using voluntary out-of-home care services

In 2019-20, 1234 children and young people accessed voluntary out-of-home services, an 8% decrease from the previous year. Of the 1234 children and young people, 1040 (84%) are living with disability. 1020 of these 1234 children and young people, accessed placements with registered agencies and 311 with designated agencies. Some children and young people accessed multiple agencies throughout the year.

Care episodes

As a child may use more than one agency for their care needs, we measure care episodes to give a complete picture of the use of voluntary out-of-home care services. One care episode means each time a child uses a voluntary out-of-home care service and can range from very short term (overnight, for example) to weeks or months at a time.

A total of 7241 care episodes were recorded. Of these, 5635 were provided by registered agencies and 1606 were provided by designated agencies. The number of care episodes decreased by 18% in 2019-20.

Supervision by a designated agency is required when a child or young person's care runs for a cumulative period of 90 days in a year and a registered agency provides some or all of that care.

In 2019-20, 38 children and young people's placements required supervision by a designated agency, similar to the previous year's figure of 39 placements.

We also monitor the number of children and young people who are in care for over 180 days as, from this point, the child requires a case plan. At the end of 2019-20, there were 38 children and young people on the voluntary out-of-home care register for cumulative care lasting over 180 days in the year, a decrease of 4 from the previous year.

The NSW Carers Register

The Carers Register records information about carer applications, authorised carers and their household members providing out-of-home care. The Carers Register is a licensing tool to assist in the selection and probity assessment of carers.

The Carers Register requires designated agencies to share information on carers, prospective carers and their household members. It is designed to prevent unsuitable carers and their household members moving from one designated agency to another.

Carers are required to undertake mandatory assessment, training and other probity checks before they can be authorised to provide care. The suitability of other adult household members is also considered.

Monitoring agencies

Of the 49 designated agencies accessing the Carers Register, 7 received an onsite visit to review compliance in 2019-20.

Due to COVID-19, we shifted to desk-top monitoring including data remediation for agencies that stored files electronically. Five agencies participated in remote reviews during this time. Eight agencies requested a Carers Register diagnostic tool and the assessment of their supporting Carers Register policies and procedures.

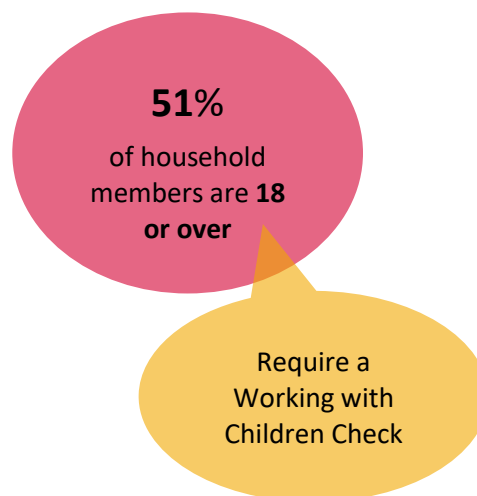
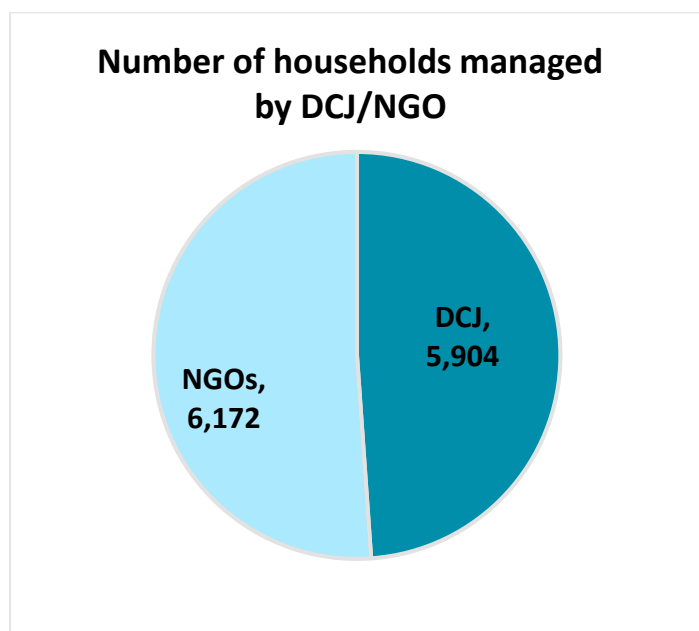
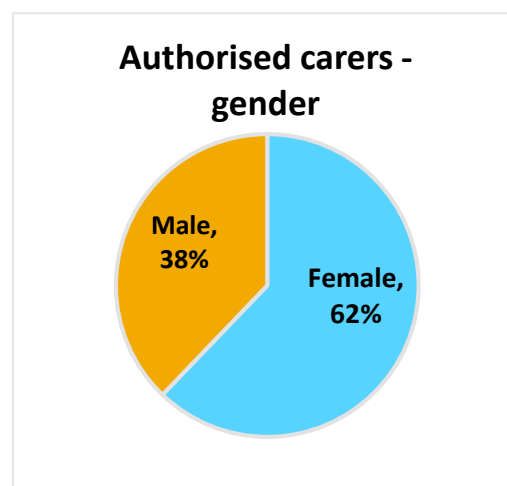
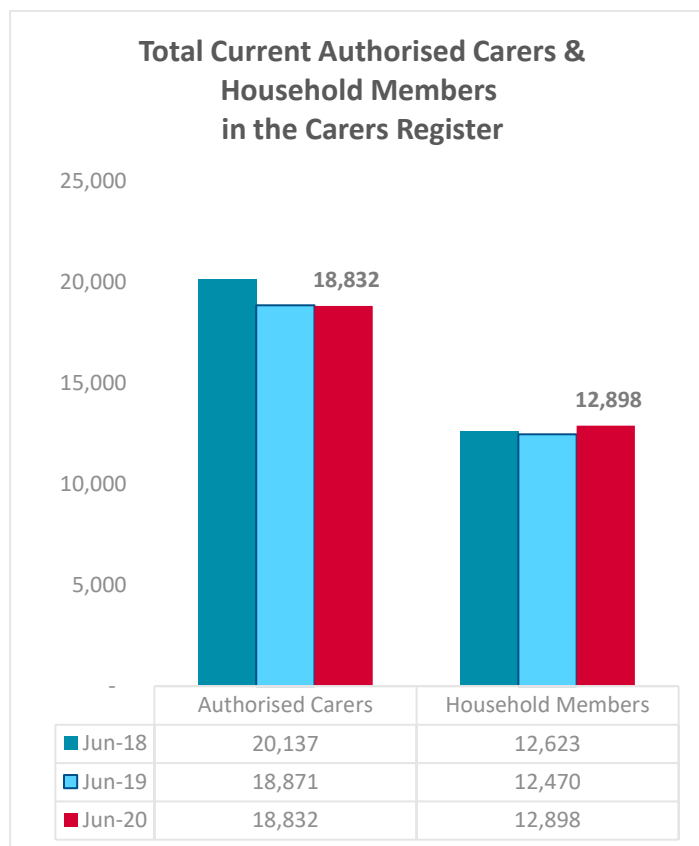
Agency feedback continues to indicate that monitoring and reviews are an important process for identifying where compliance can be improved. Our monitoring processes assist in highlighting any agency compliance issues. These range from user error to internal procedures.

The Office of the Children's Guardian's regulatory framework is structured to identify patterns of compliance, and where non-compliance is identified, we provide additional training and we have developed a suite of online training modules to facilitate this remotely.

Overview of carer households

In 2019-20 carer authorisations totalled 18,832, with non-government organisations (NGOs) authorising marginally more carers (52%) than the Department of Communities and Justice. This total number of authorisations remains consistent compared to last year's figure.

- 14% of authorised carers identify as Aboriginal or Torres Strait Islander, this number is a slight increase on last year
- 62% of authorised carers are female, this number remains relatively consistent
- 48% of household members are female, this number remains relatively consistent
- 51% of household members are over 18 years and require a Working with Children Check, this number has increased slightly over the past year
- 49% of households are being managed by the Department of Communities and Justice with an increased NGO percentage this year of 51%.



Carer suitability outcomes

During 2019-20, 507 carer applications have either been refused or withdrawn due to concerns. This number remains consistent compared with last year. The Carers Register continues to promote and support the robust recruitment processes of designated agencies.

In addition to this, 298 carer authorisations were cancelled due to concerns. If these individuals were to apply to another agency to become a carer, the concerns would be shared between agencies.

Additionally, a total of 520 carers or their household members have had their WWCC clearance cancelled since the Carers Register began, and are unable to care for children and young people in out-of-home care.

Carers Register key statistics 2019-20 continued

Current applications	
Number of household applications	1734
Number of carer applicants	2667

Carer applications refused/ withdrawn			
Status	2017-2018	2018-2019	2019-2020
Refused	378	316	314
Withdrawn no concerns	1236	1436	1417
Withdrawn with concerns	270	191	193

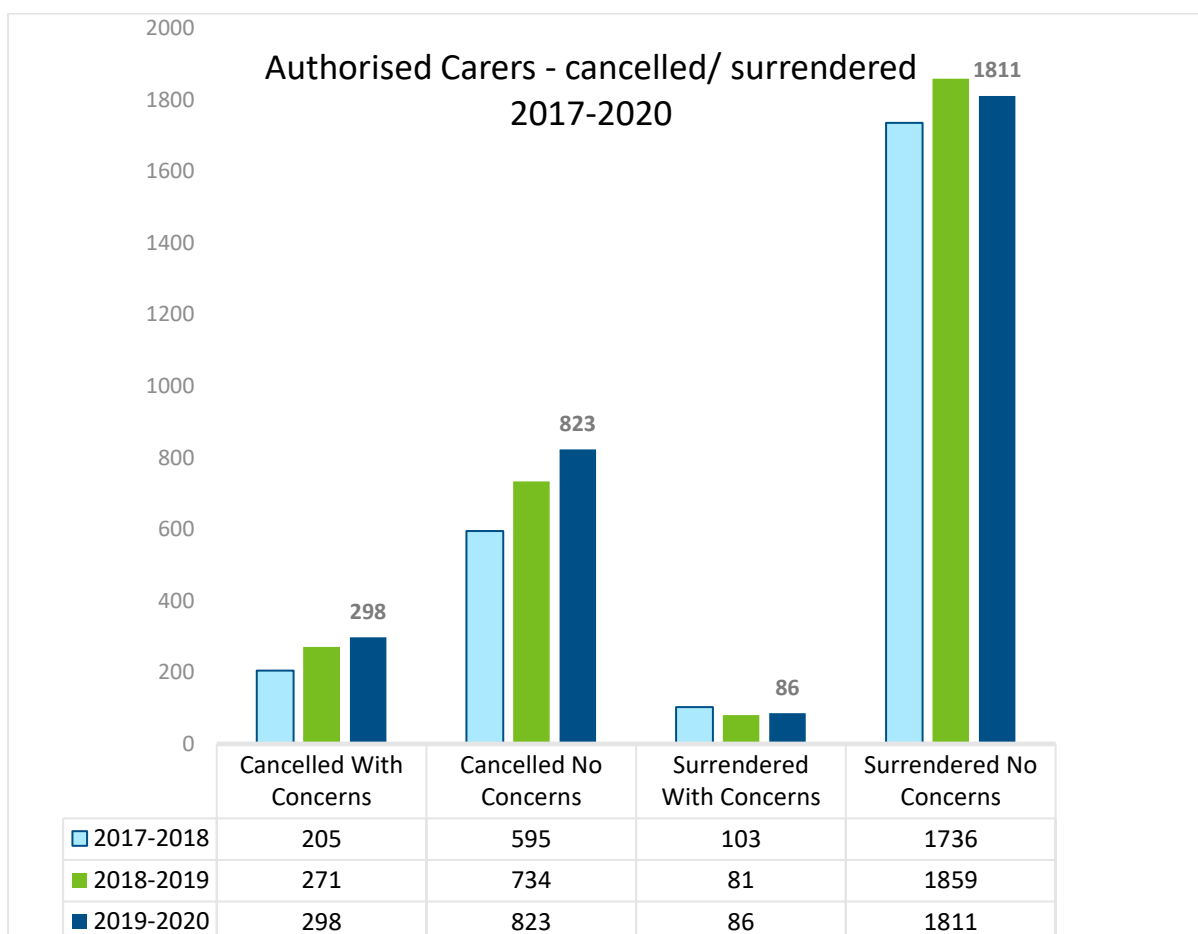


Table 5.3 WWCC bars (cumulative) relating to carers and household members

	As at 30 June 2018	As at 30 June 2019	As at 30 June 2020
WWCC bars			
Authorised carers	182	192	216
Household members	82	91	103
Interim bars			
Authorised carers	81	91	121
Household members	56	64	80

Notes:

Carer authorisations are automatically cancelled if the person no longer has a Working with Children Check or is subject to a bar or interim bar.

Carer authorisations are automatically suspended if a residing person no longer has a Working with Children Check or is subject to a bar or interim bar.

The relevant designated agency must, within 48 hours of becoming aware of a cancellation or suspension, ensure that children or young people in out-of-home care are no longer placed in a household where a person with a Working with Children Check bar or interim bar resides.

Residential Care Workers Register

The Royal Commission into Institutional Responses to Child Sexual Abuse recommended that each jurisdiction within Australia should establish a register of residential care workers as a means of improving the safety of children and young people in contemporary out-of-home care.

During 2019-20, legislation was introduced granting power to the Children's Guardian to establish a register of residential care workers. We have continued working to draft the Regulation which will support the operation of the register once it is introduced. Formal consultation will occur on this with the out-of-home care sector and key stakeholders more broadly prior to being finalised during the next financial year.

The Residential Care Workers Register will provide a mechanism for agencies to exchange information relevant to the safety, welfare or wellbeing of children and young people. This will support agencies' decisions about the suitability of any individual to provide care to children and young people living in residential care and will help prevent unsuitable workers move from one agency to another.

Work over the coming year will culminate in the introduction of the register in 2021.

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6 Looking ahead 2020-21

Leading change in our sector

Leading change in our sector

New vision and purpose

Throughout 2019-20, the Office of the Children's Guardian has been developing a new Strategic Plan which is expected to be launched early in the next financial year.

The plan has been developed through extensive consultation with employees and key external stakeholders and sets a new purpose and vision for the Office of the Children's Guardian.

It builds on the additional powers and functions provided under the new Children's Guardian Act. Alongside the new legislation, these elements will combine to present the Office of the Children's Guardian as a new organisation and a modern regulator.

Deputy Children's Guardian

The Office of the Children's Guardian is implementing a new position for an Aboriginal Deputy Children's Guardian which will be recruited for during the coming year.

This role is part of the NSW Government response to the Family is Culture review of Aboriginal children and young people in out-of-home care.

The new position will have a leadership role with a broad remit across OCG work, and representing the rights of all children, with a focus on Aboriginal children.

New Regulations under the Children's Guardian Act 2019

Pre-existing regulations under the predecessors to *Children's Guardian's Act 2019* were extended as part of the process of implementing the Act. As that extended operation has a limited timeframe, work continues to prepare new regulations under the *Children's Guardian Act 2019*. This presents a welcome opportunity to review the regulations to ensure they are fit-for-purpose.

The regulations will include provisions governing the operation of the Residential Care Workers Register, which was a recommendation of the Royal Commission.

Child Safe Standards implementation

The decision of the NSW Government to accept the recommendations from the Royal Commission has significantly impacted the work of the OCG this year and will continue to do so as we work to:

- implement and embed the legislation that transferred the Reportable Conduct Scheme to the Office of the Children's Guardian
- performing the responsibilities, powers and functions that clearly reflects the independent statutory office of the Children's Guardian articulated in the new Act
- put in place legislation to allow the regulation of the Child Safe Standards.

In line with the Royal Commission recommendations, the Office of the Children's Guardian is working with the Office of Parliamentary Counsel to develop an Exposure Draft for a mandatory child safe scheme for consultation with stakeholders.

We will undertake additional consultation with sectors, organisations and the community on the development of legislation in late 2020. It is anticipated that legislation to give effect to the child safe scheme will be introduced into Parliament in early 2021. This will build on our extensive consultation undertaken with stakeholders in 2019.

These large pieces of work once implemented will go a long way to improving safety for children wherever they may be growing and learning across NSW.

Having the Working with Children Check, Reportable Conduct Scheme and Child Safe Standards working together will support prevention and early detection of child abuse by helping organisations identify high-risk situations and employees.

In addition, the Standards for Permanent Care, against which the Office of the Children's Guardian assesses out-of-home care agencies, are being reviewed to bring them into line with the Child Safe Standards, streamlining Standards to one set.

There will be significant consultation with the out-of-home care sector, particularly Aboriginal Controlled agencies to also address issues raised by the Family is Culture review through the review of the Standards. The work to implement the new standards has begun and is expected to be implemented from mid-2021.



7

Appendices

Appendices

Appendix A Our people

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Public information and access

Risk management and insurance

Appendix A: Our people

There were two major events affecting the OCG this year in relation to our people: the transfer of the Reportable Conduct Scheme to the OCG and the COVID-19 pandemic.

Human resources

At 30 June 2020, the OCG employed 211 people (Executive and Award employees) on either a full-time or part-time basis.

The increase in headcount shown in Table A1 for 2020 is mostly due to the transfer of the Reportable Conduct Scheme from the NSW Ombudsman to the OCG on 1 March 2020.

Table A1 does not include contractors or senior executive officers but does include employees on parental leave, unpaid leave and seconded into OCG. See Table A.2 for Senior Executive information.

Table A1 Number of employees by employment category by financial year

	At 30 June 2018	At 30 June 2019*	At 30 June 2020
Clerk grade 1-2	5	5	7
Clerk grade 3-4	24	22	26
Clerk grade 5-6	16	22	18
Clerk grade 7-8	40	50	68
Clerk grade 9-10	34	40	50
Clerk grade 11-12	16	20	27
Legal officer Grade 1-3	0	1	3
Legal officer grade 4	2	4	3
Legal office grade 5	0	0	1
TOTAL	137	164	203

Policies and practices

Personnel

The OCG has comprehensive policies, procedures and other guidance materials which provide a framework for the appropriate management of employees and business risks. Policy changes incorporate any new legislative changes and Public Service Commission requirements, including initiatives to promote flexible working and the Premier's Priorities, to enhance diversity in senior leadership.

The OCG continues to review and update all internal policies and procedures against best practice and to incorporate current legislative requirements.

We developed our OCG Pandemic Action Plan in March 2020 which has been operational since then and continues to be reviewed weekly. Following health and government advice, most of the workforce has worked from home since 19 March 2020. Our employees have shown great resilience and flexibility in adapting to this new working environment and we have been able to continue our important work throughout the pandemic.

Industrial relations

The OCG conducts quarterly state-wide Joint Consultative Committee meetings with the Public Service Association.

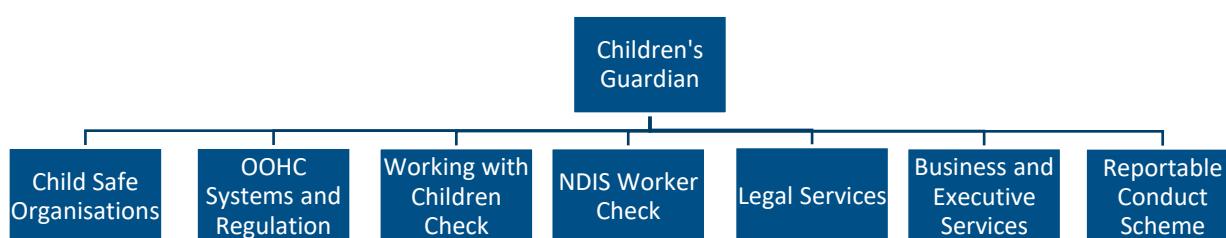
Exceptional movement in wages, salaries and allowances

There were no exceptional movements in wages, salaries or allowances during 2019–20.

Overseas visits

There were no overseas visits by the Office of the Children's Guardian employees during 2019-20.

Management and structure



In 2019-20, the executive team comprised of:

Ms Janet Schorer PSM, Children's Guardian

Diploma in Applied Science (Nursing), Bachelor of Arts (Psychology), Graduate Diploma in Child and Adolescent Psychology, Executive Master of Public Administration

Ms Louise Coe, Director, Child Safe Organisations

Bachelor of Commerce, Bachelor of Laws (Hons), Diploma of Legal Practice, Executive Master of Public Administration, EMPA

Mr Steve Gholab, Director, Working with Children Check

Bachelor of Social Science (major in Criminology and Sociology), Advanced Diploma of Management, Diploma of Project Management

Ms Larissa Johnson, A/Director, OOHC Systems and Regulation

Bachelor of Social Work

Ms Liz McGee, Director, Business and Executive Services

Diploma of Teaching (Primary), Graduate Diploma in Public Administration

Ms Natasha Mewing, Director, Reportable Conduct

Bachelor of Arts, Bachelor of Laws (Hons)

Ms Sharminie Niles, Director, Legal Services

Master of Laws, Solicitor of the Supreme Court of NSW, Solicitor of the Supreme Court of England and Wales

Mr Michael Rosmalen, Director, NDIS Worker Check

Bachelor of Commerce (Economics), Master of Applied Economics

The Director, Reportable Conduct joined the OCG on 1 March 2020 with the transfer of the Reportable Conduct Scheme.

The tables below include all executives who were employed at any time during 2019-20 and includes the Children's Guardian although this is a statutory position.

Numbers and remuneration of senior executives

Table A2 Number of Public Service Senior Executives employed in each band

PSSE Band	2018-19	2019-20
Band 1	4 female 2 male	5 female 2 male
Band 2	1 female	1 female
Band 3		
Band 4		

Table A3 Average remuneration of senior executives in each band

Remuneration level	Average remuneration 2018-19	Range 2019-20	Average remuneration 2019-20
Band 3	NA	\$345,551 – 487,050	NA
Band 2	\$337,100	\$274,701 – 345,550	\$337,609
Band 1	\$217,439	\$192,600 – 274,700	\$222,277

Table A4 Percentage of total employee-related expenditure relating to senior executives

Year	Percentage
2018-19	8.50
2019-20	7.54

Workforce diversity

The two main areas driving our focus for improving workforce diversity are our Reconciliation Action Plan and activities identified and undertaken by our Diversity and Inclusion Working Group.

Innovate Reconciliation Action Plan

The OCG launched our Innovate Reconciliation Action Plan (RAP) in May 2019. Reconciliation Australia's RAP Framework provides organisations with a structured approach to advance reconciliation. There are four types of RAP that an organisation can develop: Reflect, Innovate, Stretch, Elevate. Each type of RAP is designed to suit an organisation at different stages of their reconciliation journey. The OCG is at the Innovate stage of its reconciliation journey.

Commitments within this RAP have allowed the OCG to be aspirational and innovative in order to help our organisation gain a deeper understanding of our sphere of influence and establish the best approach to advance reconciliation. Our Innovate RAP has focused on developing and strengthening relationships with Aboriginal and Torres Strait Islander peoples, engaging staff and stakeholders in reconciliation and developing and piloting innovative strategies to empower Aboriginal and Torres Strait Islander people.

The Aboriginal Outcomes Committee, sponsored by the Children's Guardian, is responsible for leading specific OCG Reconciliation Action Plan priorities. It also monitors progress of the RAP priorities that are the responsibility of Directorates within the OCG.

RAP achievements in 2019-20 include:

- Procurement: The NSW Government Aboriginal Procurement Policy and the Stronger Communities Cluster Aboriginal Participation Strategy have been finalised and implemented at the OCG. Procurement is now sourced from Supply Nation, an Aboriginal organisation.
- Recruitment: The OCG has employed several people via Aboriginal Employment Agency Yarn'n. OCG has 10 identified Aboriginal employees as at May 2020 across different areas of the OCG. Two of these employees were promoted from our Aboriginal Cadet Program, which had 4 cadets in 2019-20.

In 2019-2020, the OCG supported the Aboriginal Career Leadership Development Program organised by PSC. One of our employees was successful in their application to participate in the program supporting their career development.

The development of our next RAP is due to commence in late 2020.

Diversity and Inclusion Working Group

The OCG has established a Diversity and Inclusion Working Group to consider and action how the OCG can celebrate and promote a positive attitude towards the rich diversity within our workplace and the broader community.

During 2019-20 celebrations organised by the group were for Harmony Day, Pride Week, Sorry Day and International Day for People with Disability.

Workforce diversity strategies planned for the next year include continuing our celebrations, and a focus on recruitment including: developing a statement of commitment to diversity and inclusion on recruitment documents, using inclusive language, building on recruitment training from the mandatory unconscious bias training and encouraging diversity on recruitment panels.

Table A5 Workforce diversity groups (shown as percentages)*

Workforce diversity group	Benchmark	2018	2019	2020
Women	50.0%	76.3	77.9	67.5
Aboriginal people and Torres Strait Islander people	3.3%	0.0	1.2	3.3
People whose first language spoken as a child was not English	23.2%	11.9	12.3	11.5
People with a disability	5.6%	0.7	1.8	1.4
People with a disability requiring work-related adjustment	NA	0.7	1.2	0.5

**Data provided by the Public Service Commission.*

Notes:

The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark

of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Table A6 Distribution index for workforce diversity groups*

Workforce diversity group	Benchmark	2018	2019	2020
Women	100	103	104	103
Aboriginal people and Torres Strait Islander people	100	NA	NA	NA
People whose first language spoken as a child was not English	100	NA	92	96
People with a disability	100	NA	NA	NA
People with a disability requiring work-related adjustment	100	NA	NA	NA

*Data provided by the Public Service Commission.

Notes:

A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Disability Inclusion Action Plan

We continue to implement the OCG's Disability Inclusion Action Plan (DIAP) which we launched in 2018.

Actions implemented from the DIAP this year included:

- providing training for all employees to improve understanding of living with disability including information about our DIAP, and training on writing for inclusive design. Documents were reviewed to be more inclusively designed. We also produced a number of plain English brochures for specific purposes and audiences
- implementing Monsido, a web governance application, to identify accessibility issues on our website enabling us to fix them
- providing information on considerations for making videos accessible to all staff and highlighting it to those who produce videos
- promoting resources for disability sector and including in planning for new website project
- celebrating International day of People with Disability to raise awareness and understanding in our organisation.

The OCG is a member of the Australian Network on Disability which continues to help us build our knowledge, understanding and ability to be more confident and inclusive with employees, potential employees and customers with disability.

We participate in the Australian Network on Disability's Stepping Into program, a paid internship scheme that matches talented university students with disability with roles within the agency on a short-term basis providing them a chance to gain vital work experience during study. The OCG had 2 interns for 4 months in 2019-20.

In addition, the OCG participates in the Australian Network on Disability's Positive Action towards Career Engagement Mentoring Program connecting jobseekers with disability to mentors in the workplace. We had 1 participant from the program for 4 months in 2019-20.

Multicultural policies and services program

The OCG is developing its Multicultural Action Plan, which has been delayed with the focus to develop the Innovate Reconciliation Action Plan. The Multicultural Action Plan is being developed by a group of employees and is expected to be launched in the second half of 2020. The plan focuses on four areas: service delivery, leadership, engagement and planning.

Key strategies to be implemented in 2020-21 will focus on making our information accessible to a wider range of stakeholders through translations, inclusive design and more engagement with multi-cultural communities.

Workplace health and safety

WHS performance

There were no reportable incidents or near misses in 2019-2020.

There was one worker's compensation claim during this period which was stress related.

Appendix B: Financial statements



INDEPENDENT AUDITOR'S REPORT

Office of the Children's Guardian

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Office of the Children's Guardian (the Office), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the *Public Finance and Audit Regulation 2015*.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Office in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Office's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Children's Guardian is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the Children's Guardian.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Children's Guardian's Responsibilities for the Financial Statements

The Children's Guardian is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Children's Guardian determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Children's Guardian is responsible for assessing the Office's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Office carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

S Bond .

Sally Bond
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

14 October 2020
SYDNEY

OFFICE OF THE CHILDREN'S GUARDIAN

Statement by the Children's Guardian

Pursuant to Section 45F(1B) of the *Public Finance and Audit Act 1983*, I state that to the best of my knowledge and belief:

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* and Treasurer's Directions.
- b) the financial statements exhibit a true and fair view of the financial position of the Office of the Children's Guardian as at 30 June 2020 and the financial performance for the period 1 July 2019 to 30 June 2020.
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Janet Schorer PSM
Children's Guardian

Dated: 13 October 2020

Office of the Children's Guardian

**Financial Statements
for the year ended 30 June 2020**

**Office of the Children's Guardian
Statement of Comprehensive Income
for the year ended 30 June 2020**

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
Expenses excluding losses				
Employee related expenses	2(a)	23,701	23,766	19,241
Other operating expenses	2(b)	16,731	23,445	20,405
Depreciation and amortisation expenses	2(c)	2,446	2,701	729
Grants and subsidies	2(d)	3,801	2,786	861
Finance costs	2(e)	61	68	10
Total expenses excluding losses		46,740	52,766	41,246
Revenue				
Appropriation	3(a)	25,942	28,407	16,881
Sale of goods and services	3(b)	-	-	23,091
Sale of goods and services from contracts with customers	3(b)	17,483	19,253	-
Grants and contributions	3(c)	2,738	237	6,791
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	1,318	805	1,025
Total revenue		47,481	48,702	47,788
Gains/(Losses) on disposal	4	(1)	-	-
Other gains/(losses)	5	(421)	-	-
Net Result		319	(4,064)	6,542
Other comprehensive income				
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		319	(4,064)	6,542

The accompanying notes form part of these financial statements.

**Office of the Children's Guardian
Statement of Financial Position
as at 30 June 2020**

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	8,438	4,609	9,995
Receivables	7	1,259	1,093	2,092
Total Current Assets		9,697	5,702	12,087
Non-Current Assets				
Property, plant and equipment				
- Plant and equipment	8	308	523	212
- Leasehold improvements	8	1,907	1,673	1,586
Total property, plant and equipment		2,215	2,196	1,798
Right-of-use assets	9	2,808	2,270	-
Intangible assets	10	4,624	4,126	829
Total non-current assets		9,647	8,592	2,627
Total assets		19,344	14,294	14,714
LIABILITIES				
Current Liabilities				
Payables	11	2,726	3,091	2,288
Borrowings	12	1,680	1,025	-
Provisions	13	2,997	1,625	2,231
Total current liabilities		7,403	5,741	4,519
Non-Current Liabilities				
Borrowings	12	1,697	1,273	-
Provisions	13	493	117	489
Total non-current liabilities		2,190	1,390	489
Total liabilities		9,593	7,131	5,008
Net assets		9,751	7,163	9,706
EQUITY				
Accumulated funds		9,751	7,163	9,706
Total Equity		9,751	7,163	9,706

The accompanying notes form part of these financial statements.

**Office of the Children's Guardian
Statement of Changes in Equity
for the year ended 30 June 2020**

	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2019		9,706	9,706
Net result for the year		<u>319</u>	<u>319</u>
Other comprehensive income			
Total other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>319</u>	<u>319</u>
Transaction with owners in their capacity as owners			
Increase/ (decrease) in net assets from equity transfers	14	<u>(274)</u>	<u>(274)</u>
Balance at 30 June 2020		<u>9,751</u>	<u>9,751</u>
Balance at 1 July 2018		3,164	3,164
Net result for the year		<u>6,542</u>	<u>6,542</u>
Other comprehensive income			
Total other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>6,542</u>	<u>6,542</u>
Transaction with owners in their capacity as owners			
Balance at 30 June 2019		<u>9,706</u>	<u>9,706</u>

The accompanying notes form part of these financial statements.

**Office of the Children's Guardian
Statement of Cash Flows
for the year ended 30 June 2020**

	Notes	Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(21,747)	(22,961)	(17,643)
Other operating expenses		(18,127)	(24,381)	(22,405)
Grants and subsidies		(3,801)	(2,786)	(861)
Finance costs		(58)	(68)	-
Total Payments		(43,733)	(50,196)	(40,909)
Receipts				
Appropriation		25,942	28,407	16,881
Sale of goods and services		17,398	19,253	22,872
Grants and contributions		2,738	237	6,791
Other		2,602	950	1,820
Total Receipts		48,680	48,847	48,364
NET CASH FLOWS FROM OPERATING ACTIVITIES	16	4,947	(1,349)	7,455
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Plant and equipment and infrastructure systems		(180)	(189)	(88)
Purchases of Leasehold improvements		(760)	(500)	(464)
Purchases of Intangibles		(4,076)	(3,337)	(451)
Other Investing		-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(5,016)	(4,026)	(1,003)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of principal portion of lease liabilities		(1,488)	(976)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1,488)	(976)	-
NET INCREASE (DECREASE) IN CASH		(1,557)	(6,351)	6,452
Opening cash and cash equivalents		9,995	10,960	3,543
CLOSING CASH AND CASH EQUIVALENTS	6	8,438	4,609	9,995

The accompanying notes form part of these financial statements.

1 Summary of Significant Accounting Policies

(a) *Reporting entity*

The Office of the Children's Guardian (the Office) is a reporting entity and is consolidated as part of the NSW Total State Sector Accounts.

The Public Sector Employment and Management (Children's Guardian and other matters) Order 2013 established the Office of the Children's Guardian as a Division of the Government Service responsible to the Minister for Families, Communities and Disability Services. The order was dated 15 May 2013 and was effective on the 17 May 2013.

The Office is a not for profit entity (as profit is not its principal objective) and it has no cash generating units. The financial statements for the period ended 30 June 2020 has been authorised for issue by the Children's Guardian on 14 October 2020.

(b) *Basis of preparation*

The Office's financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting interpretations);
- The requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015 and
- Treasurer's Directions issued under the Act.

Plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

NSW Treasury has approved the Office's future budgeted expenditure for the period 2021-2024. As such, the financial statements of the Office have been prepared on a going concern.

(c) *Statement of compliance*

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) *Accounting for the Goods and Services Tax (GST)*

Income, expenses and assets are recognised net of the amount of GST, except that:

- The amount of GST incurred by the Office as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an assets cost of acquisition or as part of an item of expense and
- Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

1 Summary of Significant Accounting Policies (cont'd)

(e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are recognised as income when the Office obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash. Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

(ii) Sale of goods

Revenue from the sale of goods is recognised as when the Office satisfies a performance obligation by transferring the service. Majority of the revenue comes from the paid applications for the Working With Children Check (WWCC). The WWCC licence meets the definition of a low value licence. Therefore OCG has elected to recognise the revenue when the applicant pays for their application rather than when the licence is issued. This is not expected to lead to any material differences as all applications for paid applicants are processed within 30 days.

Revenue from these sales is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

(iii) Rendering of services

Revenue from rendering of services is recognised when the Office satisfies a performance obligation by transferring the promised services.

(iv) Grants and contributions

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the entity is recognised when the entity satisfies its obligations under the transfer. The entity satisfies the performance obligations under the transfer to conduct assets over time as the non-financial assets are being conducted. The percentage of cost incurred is used to recognise income, because this most closely reflects the progress of completion.

Income from grants without sufficiently specific performance obligations is recognised when the entity obtains control over the granted assets (e.g. cash).

Contributions (other than contributions by owners) are recognised as income. The timing of recognition is determined by the requirements in either AASB 15 or AASB 1058, as applicable.

(f) Property, plant and equipment

(i) Acquisitions of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

1 Summary of Significant Accounting Policies (cont'd)

(f) Property, plant and equipment (cont'd)

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Non-Specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The Office has assessed that any difference between fair value and depreciated historical cost is unlikely to material.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Office.

All material separately identifiable components of assets are depreciated over their useful lives.

Depreciation Rates	% Rate 2020	% Rate 2019
Plant & Equipment		
Office furniture and fittings	14-25	14
Computer equipment and software	25	25
Land and buildings – right of use assets	Over the period of the lease	-
Leasehold improvements	Over the period of the lease	Over the period of the lease

(vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, if the recognition criteria for a provision are met.

(vii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

1 Summary of Significant Accounting Policies (cont'd)

(g) Intangible assets

The Office recognises intangible assets only if it is probable that future economic benefits will flow to the Office and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be finite.

The entity's intangible assets are amortised using the straight-line method over their useful lives.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Office's intangible assets, the assets are carried at cost less any accumulated amortisation.

The amortisation period for intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

(h) Employee benefits and other provisions

(i) Salaries and wages, annual leave and sick leave

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Office has assessed the actuarial advice based on the Office's circumstances and has determined that all annual leave is taken within 12 months so discounting is not applicable.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave and superannuation

The Office's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Office accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, worker's compensation insurance premiums and fringe benefits tax.

1 Summary of Significant Accounting Policies (cont'd)

(i) *Provisions*

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an out flow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation. When the entity expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

(j) *Fair value hierarchy*

AASB13 fair value hierarchy disclosure is not required as the Office's assets are non-specialised assets with short useful lives and measured at depreciated historical cost as an approximation of fair value.

(k) *Equity*

Accumulated Funds includes all current and prior year retained funds.

(l) *Comparative information*

Except when an Australian Accounting Standard permits or provides otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(m) *Budgeted amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 18.

1 Summary of Significant Accounting Policies (cont'd)

(n) Changes in accounting policy, including new or revised Australian Accounting Standards.

(i) Effective for the first time in 2019-2020

The accounting policies applied in 2019-20 are consistent with those of the previous financial year except for the following list of new/revised Accounting Standards applicable for the first time in year ending 30 June 2020.

- **AASB 15 Revenue from Contracts with Customers**
The adoption of AASB 15 does not have a material financial impact on financial statements of the Office.
- **AASB 1058 Income of Not-for-Profit Entities**
The adoption of AASB 1058 does not have a material financial impact on financial statements of the Office.
- **AASB 16 Leases**
AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a lease*, Interpretation 115 *Operating Leases - Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor Accounting

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have a significant impact for leases where the entity is the lessor.

Lessee Accounting

AASB 16 requires the entity to account for all the leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Office recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Office has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 1.42%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

The Office elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

1 Summary of Significant Accounting Policies (cont'd)

(n) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

In applying AASB 16 for the first time, the Office has used the following practical expedients permitted by the standard:

- not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4.
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review.
- not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application.
- excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adoption AASB 16 as at 1 July 2019 (increase/ (decrease) is, as follows:

	\$'000
Assets	
Right-of-use assets	4,865
Total assets	4,865
Liabilities	
Borrowings	4,865
Total liabilities	4,865
Equity	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$'000
Operating lease commitments as at 30 June 2019 (GST included)	6,859
(Less): GST included in operating lease commitments	(623)
Operating lease commitments as at 30 June 2019 (GST excluded)	6,236
(Less): Commitments relating to non-lease components that are excluded from the lease liability	(1,103)
Adjusted operating lease commitments as at 30 June 2019	5,133
Weighted average incremental borrowing rate as at 1 July 2019	1.42%
Discounted operating lease commitments as at 1 July 2019	4,865
Lease liabilities as at 1 July 2019	4,865

In addition to AASB 15, AASB 16 and AASB 1058, several other amendments and interpretations apply for the first time in FY2019-20. They do not have an impact on financial statements of the Office.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

1 Summary of Significant Accounting Policies (cont'd)

(n) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059
- AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 17 Insurance Contracts
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059
- AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform
- AASB 2019-7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations

2 EXPENSES EXCLUDING LOSSES

	2020 \$'000	2019 \$'000
(a) Employee related expenses		
Salaries and wages (including annual leave)	19,443	15,510
Superannuation - defined benefit plans	50	42
Superannuation - defined contribution plans	1,640	1,282
Long service leave	1,327	1,046
Workers compensation insurance	56	49
Payroll tax and fringe benefit tax	1,185	1,039
Redundancy Payments	-	273
	23,701	19,241

Employee related costs of \$112,097 have been capitalised as an asset, and therefore excluded from the above (2019: \$35,079).

(b) Other operating expenses

Employment Screening	9,944	13,546
Operating lease rental expense - minimum lease payments	-	1,056
Expense relating to short-term leases	419	-
Variable lease payments, not included in lease liabilities	179	-
Corporate services	1,740	1,570
Contractors	1,373	2,133
Events Management	30	71
Stores and Stationery	58	60
Consultancy Costs	384	351
Telephone	98	156
Printing	72	66
Data processing	795	14
Travel	294	286
Auditor's remuneration - audit or review of the financial statements	55	52
Community education	50	146
Boards, Tribunals and Meetings	24	23
Motor vehicle	24	26
Conference and seminars	175	467
Electricity and cleaning	92	70
Fees	800	257
Maintenance expenses	14	12
Other	111	43
	16,731	20,405

Recognition and Measurement

Lease expense (up to 30 June 2019)

Operating leases

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

Lease expense (from 1 July 2019)

From 1 July 2019, the Office recognises the lease payments associated with the following types leases as an expense on a straight-line basis.

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability. These payments are recognised in the period in which the event or condition that triggers those payments occurs.

2 EXPENSES EXCLUDING LOSSES (cont'd)

	2020 \$'000	2019 \$'000
(c) Depreciation and amortisation expense		
Depreciation		
Office Equipment	32	34
Computer Hardware	85	39
Leasehold Improvements	412	387
Right-of-use assets	<u>1,636</u>	<u>-</u>
	<u>2,165</u>	<u>460</u>
Amortisation		
Intangibles	<u>281</u>	<u>269</u>
	<u>2,446</u>	<u>729</u>
(d) Grants and subsidies		
Grants	<u>3,801</u>	<u>861</u>
	<u>3,801</u>	<u>861</u>
(e) Finance costs		
Interest expense from lease liabilities	58	-
Interest	<u>3</u>	<u>10</u>
	<u>61</u>	<u>10</u>

3 REVENUE

(a) Appropriations and transfers to the Crown Entity

Summary of Compliance	2020 \$'000		2019 \$'000	
	Appropriation	Expenditure	Appropriation	Expenditure
Original Budget per Appropriation Act	28,407	24,264	19,710	12,576
– Additional appropriations	-	-	4,305	4,305
– Section 4.9 GSF Act/Section 24 PFAA – transfers of functions between entities	<u>1,678</u>	<u>1,678</u>	<u>-</u>	<u>-</u>
Total Appropriations/Expenditure	30,085	25,942	24,015	16,881
Appropriation drawn down*		<u>25,942</u>		<u>16,881</u>
Liability to Consolidated Fund		<u>-</u>		<u>-</u>
*Comprising:				
Transfer payments		-		-
Appropriations (per Statement of comprehensive income)**		<u>25,942</u>		<u>16,881</u>
		<u>25,942</u>		<u>16,881</u>
**Appropriations				
Recurrent Appropriation		25,143		16,692
Capital		<u>799</u>		<u>189</u>
		<u>25,942</u>		<u>16,881</u>

**Office of the Children's Guardian
Notes to the financial statements
for the year ended 30 June 2020**

3 REVENUE (cont'd)

Movement of Section 4.7 GSF Act

	2020	2019
	\$'000	\$'000
- deemed appropriations:		
Opening balance	-	-
Adjustment for appropriations deemed on commencement of section 4.7	9,995	
Add: additions of deemed appropriation	22,738	25,031
Less: expenditure charged against deemed appropriation	(24,295)	(25,031)
Closing balance	<u>8,438</u>	<u>-</u>

The Office receives its funding under appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Act for that year. Due to COVID-19, the State Budget and related 2020-21 Appropriation Bill has been delayed and is anticipated to be tabled in Parliament in November 2020. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from Consolidated Fund. This authorisation is current from 1 July 2020 until the earlier of 31 December 2020 (or another day prescribed by the regulations) or enactment of the 2020-21 annual Appropriations Act.

2020	2019
\$'000	\$'000

(b) Sale of goods and services from contracts with customers / Sale of goods and Services

Rendering of Services

- Working With Children Check	17,144	22,542
- Children's employment authority fee	254	330
- Recoveries	85	219
	<u>17,483</u>	<u>23,091</u>

(c) Grants and contributions

Grants without sufficiently specific performance obligations - Crown Finance Entity

Grants without sufficiently specific performance obligations - Department of Communities and Justice

2,738	6,500
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-	291
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<u>2,738</u>	<u>6,791</u>
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(d) Acceptance by the Crown Entity of employee benefits and other liabilities

Superannuation - defined benefit

Long Service Leave

Payroll tax

50	42
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1,266	981
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2	2
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<u>1,318</u>	<u>1,025</u>
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4 GAINS / (LOSSES) ON DISPOSAL

2020	2019
\$'000	\$'000

Net gain /(loss) on disposal of plant and equipment

(1)	-
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<u>(1)</u>	<u>-</u>
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5 OTHER GAINS / (LOSSES)

2020	2019
\$'000	\$'000

Impairment loss on right-of-use assets

(421)	-
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<u>(421)</u>	<u>-</u>
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6 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2020 \$'000	2019 \$'000
Cash at bank and on hand	8,438	9,995
	8,438	9,995

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, short term deposits with original maturities of three months or less and subject to insignificant risk of changes in value and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	8,438	9,995
Closing cash and cash equivalents (per statement of cash flows)	8,438	9,995

7 CURRENT ASSETS - RECEIVABLES

	2020 \$'000	2019 \$'000
Current Receivables		
GST Receivable	209	212
Trade receivables from contracts with customers	919	-
Sale of goods and services	-	1,644
Prepayments	66	14
Other receivables	65	222
	1,259	2,092

The Office will not recognise any expected credit losses for its cash and cash equivalents and receivables balances as the counterparties to these financial assets are generally AAA rated banks or other government organisations. Any expected credit losses for such financial assets are therefore expected to be immaterial.

8 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2019 - fair value			
At Cost	525	2,076	2,601
Less: Accumulated Depreciation	(313)	(490)	(803)
Net carrying amount	212	1,586	1,798
At 30 June 2020 - fair value			
At Cost	631	2,809	3,440
Less: Accumulated Depreciation	(323)	(902)	(1,225)
Net carrying amount	308	1,907	2,215

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2020			
Net carrying amount at start of year	212	1,586	1,798
Additions	214	733	947
Disposals	(1)	-	(1)
Depreciation expense	(117)	(412)	(529)
Net carrying amount at end of year	308	1,907	2,215

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2018 - fair value			
At Cost	859	1,939	2,798
Less: Accumulated Depreciation	(662)	(430)	(1,092)
Net carrying amount	197	1,509	1,706

At 30 June 2019 - fair value			
At Cost	525	2,076	2,601
Less: Accumulated Depreciation	(313)	(490)	(803)
Net carrying amount	212	1,586	1,798

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below.

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2019			
Net carrying amount at start of year	197	1,509	1,706
Additions	88	464	552
Disposals	-	-	-
Depreciation expense	(73)	(387)	(460)
Other movements - Write-off	-	-	-
Net carrying amount at end of year	212	1,586	1,798

9 LEASES

From 1 July 2019, the agency applies AASB 16 for the first time. Upon assessment of the existing contracts the agency has two operating leases that are for its office premises at L1 East, 219-241 Cleveland St, Strawberry Hills and Ground Floor East and South, 1 Prince Albert Road, Queens Square. The Strawberry Hill lease commenced on 1 Jan 2018 and finishes on 30 Sep 2022. The Queens Square lease commenced on 1 Jul 2019 and finishes on 31 Mar 2022.

Right-of-use assets under leases

	Land and Buildings – Right-of-use \$'000	Total \$'000
Balance at 1 July 2019	4,865	4,865
Additions	-	-
Impairment losses	(421)	(421)
Depreciation expense	(1,636)	(1,636)
Balance at 30 June 2020	<u>2,808</u>	<u>2,808</u>

Impairment losses for right-of-use assets

The COVID-19 outbreak occurring throughout the 2019-20 financial year had an unprecedented effect on the NSW and global economies. COVID-19 significantly impacted the market rent for the Office's leases and therefore the value of lease right-of-use assets in the Statement of Financial Position. The Office has therefore undertaken an impairment assessment for the above right-of-use assets, to determine whether the carrying amount exceeded their recoverable amount. Impacted right-of-use assets were written down to their recoverable amounts by reference to the right-of-use asset's fair value less costs of disposal and an impairment loss is recognised. The Office recognised impairment losses for right-of-use assets during the 2019-20 financial year of \$421k. Impairment losses for right-of-use assets are included in Other Net Gains/(Losses) in the Statement of Comprehensive Income.

Lease liabilities

The following table presents liabilities under leases, including leases in respect of investment properties.

	Lease liabilities \$'000
Balance at 1 July 2019	4,865
Additions	-
Interest expenses	58
Payments	<u>(1,546)</u>
Balance at 30 June 2020	<u>3,377</u>

The following amounts were recognised in the statement of comprehensive income for the year ending 30 June 2020 in respected leases where the Office is the lessee:

	\$'000
Depreciation expense of right-of-use assets	1,636
Interest expense on lease liabilities	58
Variable lease payments, not included in the measurement of lease liabilities	<u>179</u>
Total amount recognised in the statement of comprehensive income	<u>1,873</u>

The Office had total cash outflows for leases of \$1,725,704 in FY2019-20.

Office of the Children's Guardian
Notes to the financial statements
for the year ended 30 June 2020

Future minimum lease payments under non-cancellable leases as at 30 June 2019 are as follows:

	Operating lease \$'000
Within one year	2,093
Later than one year and not later than five years	4,766
Later than five years	-
Total (including GST)	6,859
Less: GST recoverable from the Australian Tax Office	(623)
Total (excluding GST)	6,236

10 INTANGIBLE ASSETS

	Software \$'000	Total \$'000
At 1 July 2019		
Cost (gross carrying amount)	1,822	1,822
Accumulated amortisation and impairment	(993)	(993)
Net carrying amount	829	829
At 30 June 2020		
Cost (gross carrying amount)	5,774	5,774
Accumulated amortisation and impairment	(1,150)	(1,150)
Net carrying amount	4,624	4,624
Year ended 30 June 2020		
Net carrying amount at start of year	829	829
Additions	4,076	4,076
Disposal	(124)	(124)
Other movements - retirements	124	124
Amortisation (recognised in "depreciation and amortisation")	(281)	(281)
Net carrying amount at end of year	4,624	4,624
At 1 July 2018		
Cost (gross carrying amount)	4,309	4,309
Accumulated amortisation and impairment	(3,662)	(3,662)
Net carrying amount	647	647
At 30 June 2019		
Cost (gross carrying amount)	1,822	1,822
Accumulated amortisation and impairment	(993)	(993)
Net carrying amount	829	829
Year ended 30 June 2019		
Net carrying amount at start of year	647	647
Additions	451	451
Amortisation (recognised in "depreciation and amortisation")	(269)	(269)
Net carrying amount at end of year	829	829

11 CURRENT LIABILITIES - PAYABLES

	2020 \$'000	2019 \$'000
Payables		
Accrued salaries, wages and on-costs	226	61
Creditors	<u>2,500</u>	<u>2,227</u>
	<u>2,726</u>	<u>2,288</u>

12 CURRENT / NON-CURRENT LIABILITIES - BORROWINGS

	2020 \$'000	2019 \$'000
Lease liability - current	1,680	-
Lease liability - non-current	<u>1,697</u>	<u>-</u>
Total (Note 9)	<u>3,377</u>	<u>-</u>

13 CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

	2020 \$'000	2019 \$'000
Current		
Employee benefits and related on-costs		
Recreation leave	2,188	1,568
Long service leave	384	285
Payroll tax	424	377
Fringe benefits tax	1	1
Total	<u>2,997</u>	<u>2,231</u>

Non-current		
Employee benefits and related on-costs		
Long service leave	33	25
Payroll tax	<u>18</u>	<u>14</u>
	<u>51</u>	<u>39</u>

Other provisions		
Restoration costs	<u>442</u>	<u>450</u>
Total	<u>493</u>	<u>489</u>

Aggregate employee benefits and related on-costs

Provisions - current	2,997	2,231
Provisions - non-current	51	39
Accrued salaries, wages and on-costs (Note 11)	<u>226</u>	<u>61</u>
	<u>3,274</u>	<u>2,331</u>

13 CURRENT / NON-CURRENT LIABILITIES - PROVISIONS (cont'd)

Movements in provisions (other than employee benefits)

Movements in restoration provision are set out below:

	\$'000
Year ended 30 June 2020	
Opening Balance at 1 July 2019	450
Adjustment to make good asset	(27)
Amount used	-
Unused amount reversed	-
Unwinding / change in the discount rate	19
Decrease: transfer previous provision to current payable	-
Closing Balance at 30 June 2020	<u>442</u>
Year ended 30 June 2019	
Opening Balance at 1 July 2018	436
Additional provisions recognised	-
Amount used	-
Unused amount reversed	-
Unwinding / change in the discount rate	14
Decrease: transfer previous provision to current payable	-
Closing Balance at 30 June 2019	<u>450</u>

14 INCREASE / DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

The Reportable Conduct function transferred in from NSW Ombudsman.

	2020 \$'000
Assets	
Current assets	
Cash and cash equivalents	-
Receivables	-
Total current assets	<u>-</u>
Non-current assets	
Property, plant and equipment	<u>34</u>
Total non-current assets	<u>34</u>
Total assets	<u>34</u>
Liabilities	
Current liabilities	
Provisions	<u>302</u>
Total current liabilities	<u>302</u>
Non-current liabilities	
Provisions	<u>6</u>
Total non-current liabilities	<u>6</u>
Total liabilities	<u>308</u>
Net assets	<u>(274)</u>
Increase/(decrease) in net assets from equity transfers	<u>(274)</u>

15 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Office is not aware of any contingent liabilities and / or assets associated with its operations.

16 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2020 \$'000	2019 \$'000
Net cash used on operating activities	4,947	7,455
Depreciation and amortisation	(2,446)	(729)
Allowance for impairment	(421)	-
Decrease / (increase) in provisions	(770)	(585)
Increase / (decrease) in receivables and other assets	(833)	(135)
Decrease / (increase) in payables	(438)	536
Decrease / (increase) in makegood revaluation	(27)	-
Decrease / (increase) in equity transferred in	308	-
Other Losses	(1)	-
Net Result	<u>319</u>	<u>6,542</u>

17 NON-CASH FINANCING AND INVESTING ACTIVITIES

	2020 \$'000	2019 \$'000
Adjustment to make good asset	(27)	-
New recognition of right-of-use asset	4,865	-
	<u>4,838</u>	<u>-</u>

18 BUDGET REVIEW

Net result

The net result was a surplus of \$319k compared to a budgeted deficit of \$4,064k. This is a favourable variance of \$4,383k arising from the following items:

Expenses

Total expenses including impairment losses were \$46,740k compared to a budget of \$52,766k. This was \$6,026k under budget due to underspends in other operating expenses of \$6,714k and depreciation expenses of \$255k. Underspends in operating expenses caused by timing of projects which has been delayed due to COVID-19, such as Digital Restart and go-live of NDIS Worker Check IT system. Unbudgeted impairment loss of \$421k was also incurred on the lease related right-of-use asset.

Revenue

Sale of goods and services including recoveries was \$17,483k against a budget of \$19,253k. This was under budget by \$1,770k primarily driven by reduced revenue from paid Working With Children Checks. In response to COVID-19, WWCC clearances that were due to expire on 26 March 2020 to 26 September 2020 were extended for a further six months.

Grants and contributions were \$2,738k compared to a budget of \$237k, an increase of \$2,501k reflecting unbudgeted grant received from the Digital Restart fund.

Recurrent appropriation received was \$25,942k compared to a budget of \$28,407k, under budget by \$2,465k due to Treasury approved carry forwards of \$3,469k from recurrent and capital expenditure, \$674k in efficiency dividends, and offset by additional appropriations of \$1,678k for the transfer of Reportable Conduct Scheme from the Ombudsman.

Assets and Liabilities

Net assets were \$9,751k compared to a budget of \$7,163k. The major variances arising on the Statement of Financial Position are noted below:

Assets

Cash and cash equivalents were \$8,438k compared to a budget of \$4,609k. This is \$3,829k over budget which is due to delay in expenditure on projects that will go-live in next financial year including the unbudgeted grant received from Digital Restart Fund.

Liabilities

Payables were \$2,726k compared to a budget of \$3,091k. This is \$365k under budget which is due to a lower level of accruals from timely invoicing and payment to suppliers for the reporting period.

19 FINANCIAL INSTRUMENTS

The Office's principal financial instruments are outlined below. The financial instruments arise directly from the Office's operations and are required to finance the Office's operations. The Office does not enter in to or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Office's main risks arising from the financial instruments are out lined below, together with the Office's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Office has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks. Risks management policies are established to identify and analyse the risks faced by the Office, to set risks limits and controls and monitor risks. Compliance with policies is reviewed by the Office, to set risks limits and controls and to monitor risks. Compliance with policies are reviewed by the internal auditors on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2020 \$'000	Carrying Amount 2019 \$'000
Class:				
Cash and cash equivalents	6	Amortised cost	8,438	9,995
Receivables ¹	7	Amortised cost	984	1,866
Financial Liabilities	Note	Category	Carrying Amount 2020 \$'000	Carrying Amount 2019 \$'000
Class:				
Payables ²	11	Financial liabilities measured at amortised cost	2,500	2,227
Borrowings	12	Financial liabilities measured at amortised cost	3,377	-

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

19 FINANCIAL INSTRUMENTS (cont'd)

(b) Credit Risk

Credit risk arises when there is the possibility of the Office's debtors defaulting on their contractual obligations, resulting in a financial loss to the office. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Office, including cash, receivables and authority deposits. No collateral is held by the office. The Office has not granted any financial guarantees.

Credit risk associated with the Office's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and forward looking information on changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the statement of financial position.

	Total ^{1,2}	\$'000 Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2020			
< 3 months overdue	12	12	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
	Total ^{1,2}	\$'000 Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2019			
< 3 months overdue	8	8	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table reports "gross receivables".

2. The ageing analysis excludes receivables that are not past due and not impaired. Therefore the "total" will not reconcile to the receivables total recognised in the statement of financial position.

19 FINANCIAL INSTRUMENTS (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Office will be unable to meet its payment obligations when they fall due. The Office continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

The Office's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. Under the Faster Payment Terms Policy, registered small businesses will be paid within 5 business days of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For late payments to registered small businesses, interest payments are no longer applicable but are at the discretion of agencies to pay. For late payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. There was no interest paid during the year 2019-2020 (2018-2019: nil).

The table below summarises the maturity profile of the Office's financial liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

Financial Liabilities	Weighted Average Effective Int. Rate %	Nominal Amount	\$'000		Maturity Dates		
			Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
			Variable Interest Rate	Non-interest bearing			
2020							
<i>Payables:</i>							
Creditors ¹		2,500	-	2,500	2,500	-	-
<i>Borrowings:</i>							
Lease liabilities ²	1.42	3,377	3,377	-	1,680	1,697	-
		<u>5,877</u>	<u>3,377</u>	<u>2,500</u>	<u>4,180</u>	<u>1,697</u>	<u>-</u>
2019							
<i>Payables:</i>							
Creditors ¹		2,227	-	2,227	2,227	-	-
		<u>2,227</u>	<u>-</u>	<u>2,227</u>	<u>2,227</u>	<u>-</u>	<u>-</u>

Note

- The amounts disclosed are the contractual undiscounted cash flows based on the earliest date on which the Office can be required to pay.
- The amounts disclosed are the contractual discounted cash flows (AASB 16).

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Office has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Group operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2019. The analysis assumes that all other variables remain constant.

19 FINANCIAL INSTRUMENTS (cont'd)

(d) Market risk

Interest rate risk

The Office does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Office's exposure to interest rate risk is set out below:

		-1%		1%	
		Profit	Equity	Profit	Equity
2020	\$'000				
<i>Financial assets</i>					
Cash and cash equivalents	8,438	(84)	(84)	84	84
Receivables	984	(10)	(10)	10	10
<i>Financial liabilities</i>					
Payables	2,500	-	-	-	-
2019					
<i>Financial assets</i>					
Cash and cash equivalents	9,995	(100)	(100)	100	100
Receivables	1,866	(19)	(19)	19	19
<i>Financial liabilities</i>					
Payables	2,227	-	-	-	-

(e) Fair value measurement

(i) Fair value compared to carrying amount

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short term nature of all the financial instruments.

20 RELATED PARTY DISCLOSURES

The Office's key management personnel was identified to be Janet Schorer, Children's Guardian, during the year, and her compensation is as follows:

	2020	2019
	\$'000	\$'000
Short-term employee benefits:		
Salaries	338	325
Other monetary allowances	-	-
Non-monetary benefits	4	4
Other long-term employee benefits	18	16
Post-employment benefits	-	-
Termination benefits	-	-
Total Remuneration	360	345

The Office did not enter into any other transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

In addition, during the year, the Office entered into transactions on arm's length terms and conditions with other entities controlled by NSW Government. These transactions include:

	2020 \$'000			2019 \$'000		
	Revenue	Expense	Net receivable /(payable)	Revenue	Expense	Net receivable /(payable)
Crown Finance Entity – Grants for Digital Restart and to fund contribution to the National Clearance Database for NDIS Worker Screening	2,738		2738	6,500		6,500
Department of Communities and Justice – Recurrent grant for Voluntary Out Of Home Care program	-		-	291		291
Services NSW – Fees for performing Working With Children Check (WWCC) and grant payment for Digital Restart		5,579	(5,579)		5,660	(5,660)
Property NSW – Rent for leased property vested with Property NSW		1,802	(1,802)		1,047	(1,047)
Department of Customer Service – Administration and corporate services provided		892	(892)		691	(691)
Department of Communities and Justice – Recurrent grant for the provision of services associated with the WWCC and recharge of motor vehicle leasing costs		564	(564)		583	(583)
NSW Police Force – Grant payment for NDIS Worker Check system		13	(13)		203	(203)
NSW Self Insurance Corporation – Workers' Compensation Premiums to Treasury Managed Fund	6	65	(59)		57	(57)
Crown Solicitor's Office – Legal advice and guidance sought from Crown Solicitors		26	(26)		17	(17)

21 PROGRAM GROUP

The Office of the Children's Guardian has one program group which supports the State Outcome to protect children and families. This State Outcome is about supporting the safety and wellbeing of vulnerable children, young people and families.

22 EVENTS AFTER THE REPORTING PERIOD

There are no events subsequent to balance date which affect the financial statements.

End of audited financial statements

Payment of accounts

The OCG complies with the NSW Treasury Circular 2011-12 Payment of Accounts and Faster Payment Terms Policy for payments to registered small businesses. Under the Faster Payment Terms Policy, registered small businesses will be paid within five business days of receipt of a correctly rendered invoice. For other suppliers, payment is made 30 days from invoice date.

Table B1 Aged analysis at the end of each quarter, 2019–20 (\$)

Quarter	Current (within due date)	< 30 days overdue	30 and 60 days overdue	61 and 90 days overdue	> 90 days overdue
September	\$4,529,099	\$308,547	\$131,506	\$1,516	\$1,176
December	\$7,786,011	538,878	\$19,884	\$21,260	\$18,683
March	\$6,709,560	\$506,928	\$63,388	\$24,703	\$5,158
June	\$6,707,596	\$856,318	\$33,793	\$1,573	\$16,023

Table B2 Accounts due or paid within each quarter, 2019–20

Measure – all suppliers	Sep-19	Dec-19	Mar-20	Jun-20
No. of accounts due for payment	343	420	307	342
No. of accounts paid on time	259	341	260	285
Actual percentage of accounts paid on time (based on number of accounts)	76%	81%	85%	83%
Dollar amount of accounts due for payment	\$4,710,248	\$8,137,691	\$7,590,734	\$7,367,352
Dollar amounts of accounts paid on time	\$4,363,250	\$7,629,639	\$6,907,847	\$6,488,960
Actual percentage of accounts paid on time (based on \$)	93%	94%	91%	88%
No. of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers	33	29	14	11

Table B3 Consultancies of value equal or more than \$50,000

Consultant	Nature of services	Cost
Third Horizon	Advisory services on managing controls and operating model	\$161,350
Third Horizon	Advisory services on executing the future organisation design	\$149,475
Total number of individual consultancies with a value equal to or more than \$50,000 is one		\$310,825

Consultancies of value less than \$50,000

There were two consultancies of value less than \$50,000, with a total value of \$73,000.

Research and development

The OCG did not undertake any external research projects in 2019-20.

Major works in progress

The OCG did not undertake any major works in 2019-20.

Appendix C: Corporate governance and risk

Legislative Framework

The following legislation sets the framework for the operations of the OCG:

- *Children's Guardian Act 2019*
- *Children and Young Persons (Care and Protection) Act 1998*
- *Children and Young Persons (Care and Protection) Regulation 2012*
- *Children and Young Persons (Care and Protection) (Child Employment) Regulation 2015*
- *Child Protection (Working with Children) Act 2012*
- *Child Protection (Working with Children) Regulation 2013*
- *Adoption Act 2000*
- *Adoption Regulation 2015*
- *Child Protection (Working with Children) Amendment (Statutory Review) Act 2018.*

The OCG is established under the *Children's Guardian Act 2019* since 1 March 2020. Prior to this it was established under the *Children and Young Persons (Care and Protection) Act 1998*. Responsibility for the administration of the Act sits with the Minister for Families, Communities and Disability Services.

The principal functions of the Children's Guardian are at section 128 of the *Children's Guardian Act*, previously section 181 of the *Children and Young Persons (Care and Protection) Act 1998*.

During 2019-20 the OCG also administered the *Child Protection (Working with Children) Act 2012* and the *Child Protection (Working with Children) Regulation 2013*, which also come under portfolio responsibility of the Minister for Families, Communities and Disability Services.

Policies and procedures

The Children's Guardian Act 2019, requires that from March 2021, the OCG to provide copies of policies and procedures to be adopted by the Children's Guardian, in relation to the exercise of the Children's Guardian's functions under this Act or another Act, and information about how perceived or actual conflicts of interest associated with the exercise of the functions are to be minimised or removed.

In preparation for this, the OCG has engaged an external consultancy to identify operational scenarios that give rise to potential actual or perceived conflicts of interest, and to confirm any gaps or risks that need to be addressed.

Work is under way to streamline our operational activities and to identify how and when different functions can better collaborate and communicate to achieve our legislative object, while maintaining objectivity, transparency and fairness to organisations and individuals.

With the transfer of the Reportable Conduct Scheme, we have maintained separate management structures and decision-making delegations between our different statutory functions, particularly the Reportable Conduct, the Working with Children Check, and Accreditation and Monitoring (out-of-home care) functions.

Our organisational structure, policies and processes continue to support robust decision making and to avoid conflicts of interest or the appearance of conflict of interest arising from the administration of the Reportable Conduct Scheme and our regulatory functions.

Risk management activities

A key strategy for enterprise risk management is for risk mitigation actions in risk registers to be included in business plans wherever possible. The intent is for risk reporting to be integrated with business planning, with performance tracking occurring in one place and planned activities and budgets to be prioritised based on risk. Risk is a standard consideration in briefing note recommendations for senior executive approvals.

Fraud control and corruption prevention

The OCG has a Fraud and Corruption Control Policy that is based on Standards Australia AS8001-2008: Fraud and Corruption Control. This policy incorporates the 10 key attributes of fraud control contained in the NSW Auditor-General Better Practice Guide Fraud Control Improvement Kit.

Advice is provided to employees as needed in response to queries concerning conflicts of interest, gifts, benefits and bequests, and secondary employment and private work.

Internal audit

In 2019-20 the OCG continued to review its risk profile. The information contained in the OCGs risk register forms the basis for our ongoing Internal Audit Plan. During the reporting period the OCG's Audit and Risk Committee received and reviewed reports and management responses on the following:

- Review of Conflict and Management Controls
- Review of WWCC Administrative Decision Making
- Review of Grievance Handling Procedures.

The Internal audit and risk management attestation statement is on the following page.

Audit and risk committee

The OCG has an independent Risk and Audit Committee (RAC).

As part of compliance with the Treasury Policy Paper 15-03 Internal Audit and Risk Management Policy for the NSW public sector, the RAC continued its advisory role in assisting the Children's Guardian with relevant and timely advice on the office's governance, risk and control activities and external accountability obligations.

Collectively, the RAC members have the experience, knowledge and qualifications to effectively discharge their responsibilities as outlined in the RAC Charter and Treasury Policy.

Four RAC meetings were held in 2019-20, with the number of meetings each independent member attended as follows:

- Alex Smith (Independent Chair): 4
- John Hunter (Independent Member): 4
- Gul Izmir (Independent Member): 4

Insurance activities

Insurance is provided for all major assets and significant risks through the NSW Government self-insurance scheme (NSW Treasury Management Fund). This includes full workers compensation, motor vehicle, property, public liability and miscellaneous insurance cover.

Internal audit and risk management attestation statement

Internal Audit and Risk Management Attestation Statement for the 2019-2020 Financial Year for the Office of the Children's Guardian

I, Janet Schorer, am of the opinion that the Office of the Children's Guardian has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition ¹
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Alex Smith, 1 April 2014 to 31 March 2022
- Independent Member, John Hunter, 1 April 2014 to 31 March 2021
- Independent Member, Gul Izmir, 1 April 2014 to 31 March 2021



Janet Schorer PSM
Children's Guardian

20 October 2020



Liz McGee
Director, Business and Executive
Services
liz.mcgee@kidsguardian.nsw.gov.au

¹ Where an agency notes that it has been 'non-compliant' or 'in transition', the agency head must complete the 'Departure from Core Requirements' section below.

Public information and access

Public access to NSW government information

The OCG holds a range of documents and information, many of which are publicly available. The production of some documents may require an application under the *Government Information (Public Access) Act 2009*, the *Privacy and Personal Information Protection Act 1998* or the *Health Records and Information Privacy Act 2002*.

Right to information requests

To promote open, accountable, fair and effective government in NSW, members of the public have the right to access government information. This right is restricted only when there is an overriding public interest against disclosing the particular information.

Formal requests made under the Government Information (Public Access) Act 2009 for access to documents held by the OCG should be accompanied by a \$30.00 application fee and directed to:

Right to Information Officer
OCG
Locked Bag 5100
Strawberry Hills NSW 2012

Telephone enquiries: (02) 8219 3600

Email: legal@kidsguardian.nsw.gov.au.

Further information can be found on our website: www.kidsguardian.nsw.gov.au.

Children and young people aged less than 18 years are granted open-access information free of charge.

Statistical information about *Government Information (Public Access) Act 2009* applications

Under section 7 of the *Government Information (Public Access) Act 2009*, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

We publish information about the functions of the OCG on our website.

During the reporting period, no documents were identified through this process for publication on the website. The following series of tables provides data on Government Information Public Access (GIPA) applications for 2019-20.

Table C1 GIPA applications by type of applicant and applicant outcomes

TYPE	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not-for-profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	1	2	0	2	0	0	0	0
Members of the public (other)	0	1	1	2	0	0	0	0

NOTES:

More than one decision can be made in respect to an access application. If so, a recording must be made in relation to each decision. This also applies to Table C2.

One application was received at the end of 2019-20 but will be responded to in 2020-21 and has therefore been excluded from the above table.

Table C2 GIPA applications by type of application and outcome

APPLICATION TYPE	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refusal to deal with application	Refusal to confirm / deny whether information is held	Application withdrawn
Personal information applications*	1	3	0	4	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

**A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).*

NOTE: One application was received at the end of 2019-20 but will be responded to in 2020-21 and has therefore been excluded from the above table.

Table C3 GIPA invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table C4 Conclusive presumption of overriding public interest against disclosure

These are matters listed in Schedule 1 of the Act.

Interest consideration	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	2
Documents affecting law enforcement and public safety	1
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environment heritage	0

**More than one interest consideration may apply in relation to an access application and, if so, each such consideration is to be recorded (but only once per application).*

Table C5 Other public interest considerations against disclosure

These are matters related to section 14 of the Act.

Public interest consideration	Number of occasions when application not successful*
Responsible and effective government	2
Law enforcement and security	0
Individual rights, judicial processes and natural justice	2
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Security provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**More than one interest consideration may apply in relation to an access application and, if so, each such consideration is to be recorded (but only once per application).*

Table C6 Timeliness of GIPA decisions

Time period	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	7
Decided after 35 days (by agreements with applicant)	0
Not decided within time (deemed refusal)	0
Total	7

NOTE: One application received at the end of FY2019-20 but will be responded to in 2020/21 and is excluded from the above table.

Table C7 GIPA applications reviewed under Part 5 of the Act

Type of review	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by the NSW Civil and Administrative Tribunal	0	0	0
Total	0	0	0

Table C8 GIPA applications for review under Part 5 of the Act

Type of application	Number of applications for review
Applications by access applicants	0
Applications by person to whom information the subject of access application relates (s. 54 of the Act)	0

Public interest disclosures

There were no public interest disclosures during the 2019-20 reporting year.

Privacy and personal information

The Annual Reports (Departments) Regulation 2015 requires a statement of action taken by the OCG in complying with the requirements of the *Privacy and Personal Information Protection Act 1998* and details of any reviews conducted by or on behalf of the OCG under Part 5 of the Act.

The OCG has in place a Privacy Management Plan.

During the reporting period the OCG has also worked closely with the Information Privacy Commission to develop a Privacy Impact Assessment ahead of implementation of the Residential Care Workers Register.

Internal reviews

There were no internal reviews conducted under the *Government Information (Public Access) Act 2009*, undertaken in 2019-20.

Consumer response

The OCG accepts complaints, comments and suggestions about any of our services. We are committed to quality customer services by providing courteous and prompt assistance in accordance with our Code of Conduct.

Our complaint handling process is provided on our website. The OCG has no recorded complaints from the Ombudsman this year. The OCG works with the Ombudsman to respond to any enquiries and complaints and we continue to work to improve our customer service.

Table C9 Complaints received by NSW Ombudsman

Year	Number of enquiries/complaints
2018-19	18
2019-20	0

Cyber Security Annual Attestation Statement for the 2019-20 Financial Year for the Office of the Children's Guardian

I, Janet Schorer, am of the opinion that the cyber security controls in place in GovConnect have been improved during the 2019-20 financial year and will continue to be enhanced.

Independent audits of cyber security controls in place during the 2019-20 financial year, and GovConnect's maturity against the NSW Cyber Security Policy mandatory requirements have been performed. These audits have demonstrated that the significant technology, governance and service management changes already underway are critical to achieving our cyber security resilience goals.

GovConnect currently leverages the Department of Customer Service cyber security response plan, which has been exercised during the 2019-20 financial year. The plan will continue to be reviewed in conjunction with departmental governance frameworks and operational feedback to further improve its effectiveness.

GovConnect will ensure that cyber security governance and controls adequately address cyber security risks. On-going assurance of cyber security will be managed through an Information Security Management System (ISMS) aligned to the ISO 27001 standard, and independently audited.

GovConnect is continuing its push to improve operational security, service delivery, and technologies to provide greater assurance to its clients that cyber security risks are being managed in a consistent and effective manner for all its clients, including the Office of the Children's Guardian.

Yours sincerely



Janet Schorer PSM
Children's Guardian

9 October 2020

Annual report preparation

This annual report was prepared in accordance with Premier's Memorandum M2013-09 Production costs of annual reports. There were no production costs for copywriting, design or printing outside existing allocation.

Compliance with annual reporting requirements

Under the *Annual Reports (Departments) Act 1985*, the Annual Reports (Departments) Regulation 2015 and various Treasury circulars, the OCG is required to include certain information in its annual report. This Annual Report includes all required information.

Table C10 Compliance with annual reporting requirements (Index)

Compliance requirement	Comment or page reference
Access	Back cover
Additional matters	
- PPIPA	Appendix C
- No significant after-balance date events	Appendix B
- Annual report production costs	Appendix C
- Website	back cover
After balance date events	Appendix B
Agreements with Multicultural NSW	No agreements
Aims and objectives	Page 4
Application for extension of time	Not applicable
Audit opinion	Appendix B
Availability of this annual report	www.kidsguardian.nsw.gov.au
Charter	Section 1: About the OCG
Consultants	Appendix B
Consumer response – complaints and improvements	Appendix C
Contact details and website address	Back cover
Cyber security policy (CSP) attestation	Appendix C
Disability inclusion action plan	Appendix A
Disclosure of controlled entities	No controlled entities
Disclosure of subsidiaries	No subsidiaries
Economic or other factors	Not applicable
External costs incurred in the production of this annual report	Appendix C
Exemptions	none
Financial statements	Appendix B
Funds granted to non-government community organisations	No funds granted
Government Information (Public Access) Act 2009	Appendix C
Human resources	Appendix A
Identification of audited financial statements	Appendix B
Inclusion of unaudited financial statements	No unaudited financial statements
Industrial relations policies	Appendix A
Internal audit and risk management attestation	Appendix C
Land disposal	No land disposal
Legal change	Section 2: Legal Protection
Letter of submission	Page 3
Management and activities	Sections 1, Overview of main functions Appendix A (Major works)
Management and structure	Appendix A
Multicultural policies and services program (formerly EAPS)	Appendix A
Numbers and remuneration of senior executives	Appendix A
Payment of accounts	Appendix B
Price determination	Not applicable
Privacy and personal information	Appendix C
Promotion – overseas visits	Appendix A

Compliance requirement	Comment or page reference
<i>Public interest disclosures</i>	Appendix C
<i>Requirements arising from employment arrangements</i>	Appendix A
<i>Research and development</i>	Appendix A
<i>Risk management and insurance activities</i>	Appendix C
<i>Summary review of operations</i>	Section 1: About the OCG
<i>Time for payment of accounts</i>	Appendix B
<i>Work health and safety</i>	Appendix A
<i>Workforce diversity</i>	Appendix A
<i>Workforce profile</i>	Appendix A

Glossary

Acronyms used in the Annual Report

ACWA	Association of Children's Welfare Agencies
ADHC	NSW Department of Ageing, Disability and Home Care
CSOCAS	Child Sex Offender Counsellor Accreditation Scheme
DCJ	Department of Communities and Justice
GIPA	Government Information Public Access
NCAT	NSW Civil and Administrative Tribunal
NDIS	National Disability Insurance Scheme
NDIS WC	National Disability Insurance Scheme Worker Check
OCG	Office of the Children's Guardian
OOHC	out-of-home care
RAC	Risk and Audit Committee
VOOHC	voluntary out-of-home care
WWCC	Working with Children Check

Contact:

Switchboard: (02) 8219 3600

WWCC Customer Service: (02) 8219 3777

Email via our webform: kidsguardian.nsw.gov.au/contact-us

Postal address

Locked Bag 5100, Strawberry Hills NSW 2012

Business hours

9 am–5 pm, Monday–Friday

ABN: 43 304 920 597

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