



Independent Police Conduct Authority

STATEMENT OF PERFORMANCE EXPECTATIONS

2014/15

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Preamble

This Statement of Performance Expectations has been prepared in accordance with the requirements of sections 141 and 142 of the Crown Entities Act 2004.

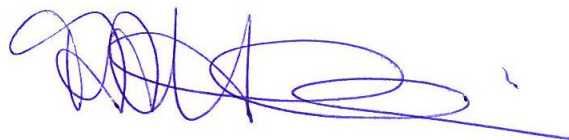
It aligns with the Independent Police Conduct Authority's (the Authority's) 2014/15 – 2017/18 Statement of Intent and describes the Authority's performance measures and annual forecast financial statements. The Statement of Performance Expectations should be read in conjunction with the Statement of Intent.



Judge Sir David Carruthers, KNZM
Chair



Dianne Macaskill
Member



Angela Hauk-Willis
Member

Overview of services for 2014/15

Funding

The Authority is funded by the Crown through the Vote Justice Non-Departmental Output Class, 'Equity Promotion and Protection Services'. The purchase of outputs within this appropriation is solely by the Minister of Justice and is detailed in the Estimates of Appropriations for Vote Justice and the Authority's Statement of Intent 2014/15 to 2017/18.

During the 2014/15 financial year the Authority's Vote Justice revenue will be \$3.811 million (GST exclusive). All figures in this document are GST exclusive.

Scope of appropriation

The scope of the Authority's appropriation, as detailed in the Estimates of Appropriations, is to investigate incidents and investigate and resolve complaints against the Police, and to uphold the rights of persons in Police detention.

Consultation with, and reporting to, our responsible Minister

The Authority will consult with the Minister of Justice, our Responsible Minister, on its activities for the purposes of financial accountability and ensuring that our outputs are being delivered. We will also inform the Minister as appropriate on such issues as may result in significant media, public, or parliamentary attention. The Authority will also work constructively with the Ministry of Justice as the Minister's 'Monitoring Department'.

The Authority will provide the Minister with four-monthly performance reports covering key results and performance highlights, any emerging issues, and significant performance variances or risks.

Financial strategy

Managing in a tight fiscal environment

Financial strategy is a key part of the Authority's overall organisational strategy. Our financial strategies include an emphasis on financial sustainability as a critical part of determining how we will meet organisational priorities and goals. The Authority will continue to operate in a tight fiscal environment in 2014/15. The forecast financial statements provided below have been prepared on the assumption that the Authority will not receive additional government funding in 2014/15, or indeed in the short to medium term.

We will continue to prioritise expenditure toward key services and Outputs. In this regard our allocation of resources emphasises expenditure on managing complaints and undertaking investigations.

We have reduced expenditure in the Optional Protocol, Convention against Torture (OPCAT) Output to align with the actual funding provided by Government for delivering OPCAT services of \$55,000.

We have, and will continue to, set tight but realistic budgets that we are able to operate within. We will forecast an operating deficit in 2014/15 on account of significant expenditure required to relocate the Authority to new premises. The Authority's financial

performance is reviewed by the Board on a monthly basis. In addition, the Board receives regular advice on options and priorities for budget review and recasting during the financial year.

Given that our people are our greatest single area of investment and cost we will continue to set realistic pay and employment conditions while also being mindful of retention risks. We will continue to review how our services can be delivered more cost-effectively and to a higher standard and implement appropriate changes to our operations. The decision to relocate to a single floor in 2014/15 is expected to result in a range of advantages from which we can leverage better performance.

Capital expenditure intentions

The Authority employs a robust capital expenditure management framework that includes integrated planning, budgeting, reporting, appraisal and monitoring processes. The Authority expects to spend up to \$90,000 per annum on capital items over the forecast period. The most significant component of the capital expenditure programme relates to expenditure on the new premises following our relocation from 1 September 2014 as well as maintaining our computer hardware and supporting software.

Summary of outputs & output expenses for 2014/15

The forecast expenses for the Authority's output class, and the total forecast revenue, are provided below:

Forecast output class expenditure:

OUTPUT CLASS: Investigate and resolve complaints against the Police, and to uphold the rights of persons in Police detention	\$4,027,631
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Output 1: Receive, manage, and ensure resolution of complaints

Output 2: Carry out Independent and timely investigations into Police conduct and report on these as required

Output 3: Make recommendations for improved Police conduct, practices, policies and procedures, based on the results of investigations, and monitor their implementation

Output 4: Monitor and report on Police places of detention

TOTAL: Forecast output expenditure	\$4,027,631
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Forecast revenue:

Forecast Revenue Crown	\$3,811,000
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Forecast interest revenue	\$24,177
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TOTAL: Forecast revenue	\$3,835,177
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Category definitions

In order to allocate resources most effectively, the Authority categorises cases by level of seriousness. The most serious complaints are investigated while those of a less serious nature are generally referred to Police for investigation under the Authority's oversight.

Categories range from the most serious, Category 1, to minor matters, Category 5.

Category 1: IPCA investigation. This category covers all instances of death or serious bodily harm associated with Police actions, and serious complaints with high public interest. The Authority's investigators will independently investigate, usually in parallel with Police.

Category 2: Serious – Police investigation. This category covers incidents that may lead to prosecution of Police officers, for example allegations of assault. The Authority will actively oversee the Police investigation.

Category 3: Significant complaints of substance – Police investigation. These could include, minor or non-injury assaults, property damage, serious traffic matters, or a failure to report significant matters. The Authority will fully review the Police investigation at its conclusion.

Category 4: Conciliation. Complaints in this category are defined as those most appropriate for conciliation. They include, for example, excessive delay, inappropriate racial comments, and inappropriate use of any Police information system not amounting to corruption.

Category 5: No further action. Complaints are defined as minor or older than 12 months at the time of reporting, or complaints that have been declined by the Authority but may still be of interest to the Police. These minor complaints require no action by the Authority.

Key measures for our outputs and impacts

We have developed a new Performance Reporting Framework (below) which includes measures of performance at the Output and Impact levels. The thinking behind the Key Measures and their selection is presented below:

Output measures

Output measure 1: *Receive and manage complaints and incidents*

<i>Measures</i>	<i>Performance target forecast 2014/15-2017/18</i>	<i>How it will be measured</i>
All notifications of new complaints and incidents are acknowledged within seven days	95%	The Authority's database
All new complaints and incidents are categorised and decisions made about the appropriate actions are taken within 42 days	95%	The Authority's database

Output measure 2: *Independent, high quality and timely investigations and reviews*

<i>Measures</i>	<i>Performance target forecast 2014/15-2017/18</i>	<i>How it will be measured</i>
Reviews of Police investigations for Category 2 and 3 files will be completed by the Authority within 28 days of receiving the file from Police	90%	The Authority's database
Independent investigations carried out by the IPCA will be concluded as soon as practicable	90% within 12 months 99% within 24 months	The Authority's database
For each Category 1 case an investigation plan, milestones and a completion date will be set and monitored	100% of investigations	The Authority's investigation files
Reports as a result of Category 1 investigations are clear, consistent and well-structured and have well-argued conclusions.	100% of reports meet required standard	Five reports are independently peer reviewed

Output measure 3: *Make recommendations for improved Police conduct, policies, practices and procedures, and monitoring implementation of those recommendations*

<i>Measures</i>	<i>Performance target forecast 2014/15-2017/18</i>	<i>How it will be measured</i>
All issues identified by the IPCA relating to Police practices, policies and procedures are raised and discussed with Police prior to the completion of the relevant review or independent investigation	100%	The Authority's database

Output measure 4: *Monitor places of Police detention*

<i>Measures</i>	<i>Performance target forecast 2014/15-2017/18</i>	<i>How it will be measured</i>
New National Standards for Police custodial facilities agreed with Police and operational by 31 December 2014	Achieved	Standard in place and promulgated
On-going performance audits of compliance with the National Standard are agreed with Police by 30 June 2015	Achieved	Programme of audits agreed

Impact measures

Impact measure 1: *Improved satisfaction relating to the work of the Authority*

<i>Measure</i>	<i>Performance target forecast 2014/15-2016/17</i>	<i>How it will be measured</i>
Participants in surveys are satisfied with their contact with Authority staff	75% are satisfied	New survey methodology to be introduced in 2014/15
Participants in surveys are satisfied with the Authority's investigation processes	75% are satisfied	New survey methodology to be introduced in 2014/15
Participants in surveys are satisfied with the Authority's review processes	75% are satisfied	New survey methodology to be introduced in 2014/15

Impact measure 2: *Make recommendations for improved Police conduct, policies, practices and procedures and monitoring during the course of investigations, and monitoring implementation of those recommendations*

<i>Measure</i>	<i>Performance target forecast 2014/15-2016/17</i>	<i>How it will be measured</i>
All recommendations for improved Police policies, practices and procedures are accepted by Police	90%	A shared spreadsheet with Police and the Authority's database

ANNEX 1: Forecast financial statements 2013/14 to 2016/17

Forecast statement of comprehensive income for the year ended 30 June				
	Forecast 2013/14 \$	Forecast 2014/15 \$	Forecast 2015/16 \$	Forecast 2016/17 \$
Revenue				
Revenue from Crown	4,006,000	3,811,000	3,811,000	3,811,000
Interest income	29,767	24,177	24,916	28,523
Total revenue	4,035,767	3,835,177	3,835,916	3,839,523
Expenditure				
Remuneration to auditors	30,845	31,920	32,805	32,805
Amortisation	25,299	16,012	12,009	9,007
Communication charges	34,928	36,000	36,000	36,000
Depreciation	74,542	45,433	35,429	29,072
Personnel	2,992,340	2,784,660	2,814,660	2,814,660
Printing and stationary	50,000	52,500	55,000	55,000
Professional fees	135,974	120,000	120,000	120,000
Rent	309,570	274,000	-	-
Rent on new property	-	272,106	326,520	359,172
Services and supplies	267,829	220,000	210,000	210,000
Subscriptions	20,000	17,500	15,000	20,000
Travel and accommodation	128,275	90,000	90,000	90,000
Relocation costs	37,500	67,500	-	-
Total expenditure	4,107,102	4,027,631	3,747,423	3,775,716
Net comprehensive income for the year	(71,335)	(192,454)	88,493	63,807

Forecast statement of financial position for the year ended 30 June				
	Forecast 2013/14 \$	Forecast 2014/15 \$	Forecast 2015/16 \$	Forecast 2016/17 \$
Current assets				
Cash & cash equivalents	458,039	322,714	448,940	540,363
Term deposits	-	-	-	-
Debtors	51,868	-	-	
GST receivable	2,562	23,159	23,203	24,144
Total current assets	512,469	345,873	472,143	564,507
Property, plant and equipment	240,256	194,823	169,395	150,323
Intangible assets	83,764	67,752	55,742	46,736
Total non-current assets	324,020	262,575	225,137	197,059
Total assets	836,489	608,448	697,280	761,566
Current liabilities				
Creditors and other payables	99,190	63,603	63,942	64,421
Employee entitlements	166,280	166,280	166,280	166,280
Total current liabilities	265,470	229,883	230,222	230,701
Net assets	571,019	378,565	467,058	530,865
Total public equity	571,019	378,565	467,058	530,865

Forecast statement of movements in equity for the year ended 30 June				
	Forecast 2013/14 \$	Forecast 2014/15 \$	Forecast 2015/16 \$	Forecast 2016/17 \$
Crown equity				
Opening equity	642,354	571,019	378,565	467,058
Net comprehensive income for the year	(71,335)	(192,454)	88,493	63,807
Closing equity	571,019	378,565	467,058	530,865

Forecast statement of cash flows for the year ended 30 June

	Forecast 2013/14 \$	Forecast 2014/15 \$	Forecast 2015/16 \$	Forecast 2016/17 \$
Cash flows from operating activities				
Cash will be provided from:				
Receipts from Crown revenue	4,006,000	3,811,000	3,811,000	3,811,000
Interest received	29,767	24,177	24,916	28,523
Net GST received	(21,173)	(25,031)	(44)	(879)
Cash will be applied to:				
Payments to suppliers and employees	(4,100,079)	(3,945,471)	(3,699,646)	(3,737,221)
Net cash flows from operating activities	(85,485)	(135,325)	136,226	101,423
Cash flows from investing activities				
Cash will be provided from:				
Proceeds from term deposits	450,000	-	-	-
Cash will be applied to:				
Purchases of property, plant and equipment	(9,629)	-	(10,000)	(10,000)
Purchases of intangible assets	(5,396)	-	-	-
Acquisition of term deposits	-	-	-	-
Net cash flows from investing activities	434,975	-	(10,000)	(10,000)
Net increase/(decrease) in cash held	349,490	(135,325)	126,226	91,423
Plus cash at the start of the year	108,549	458,039	322,714	448,940
Cash held at the end of the year	458,039	322,714	448,940	540,363
Represented by:				
Cash & cash equivalents	458,039	322,714	448,940	540,363
	458,039	322,714	448,940	540,363

Reconciliation of cash flow with reported operating surplus for the year ended 30 June

	Forecast 2013/14 \$	Forecast 2014/15 \$	Forecast 2015/16 \$	Forecast 2016/17 \$
Net comprehensive income for the year	(71,335)	(192,454)	88,493	63,807
Add: non-cash items				
Amortisation	25,299	16,012	12,009	9,007
Depreciation	74,542	45,433	35,429	29,072
Add/(less) movement in other working capital items				
(Increase)/decrease in GST receivable	(2,563)	(20,597)	(44)	(941)
Increase/(decrease) in creditors and other payables	(106,340)	(35,587)	339	478
(Increase)/decrease in debtors	(5,088)	51,868	-	-
Net cash flows from operating activities	(85,485)	(135,325)	136,226	101,423

ANNEX 2: Notes to and forming part of the financial statements

Statement of underlying assumptions

Significant assumption

The opening position of the forecasted statements is based on un-audited results for 2013/2014.

Nature of forecasted financial statements

The forecasted financial statements have been prepared as a best efforts indication of the Independent Police Conduct Authority's future financial performance. Actual financial results achieved for the period covered are likely to vary from the information presented, potentially in a material manner.

Reporting entity

The reporting entity is the Independent Police Conduct Authority, a Crown entity as defined by the Crown Entities Act 2004, and is domiciled in New Zealand. As such, the Independent Police Conduct Authority's ultimate parent is the New Zealand Crown.

The principal activity of the Independent Police Conduct Authority is to assess complaints made by members of the public against the Police. The primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return.

Accordingly, the Independent Police Conduct Authority has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for preparation

Statement of compliance

The forecast financial statements of the Independent Police Conduct Authority have been prepared with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice ('NZ GAAP').

The forecast financial statements comply with the NZ IFRS and other applicable financial reporting standards as appropriate for public benefit entities.

Measurement base

The forecast financial statements have been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

The forecast financial statements are presented in New Zealand dollars, rounded to the nearest one dollar. The functional currency of the Independent Police Conduct Authority is New Zealand dollars.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the forecast financial statements:

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable.

Revenue from the Crown

The Independent Police Conduct Authority is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Independent Police Conduct Authority meeting its objectives as specified in the statement of intent.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Interest

Interest revenue is recognised using the effective interest method.

Operating leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the forecast statement of comprehensive income as an expense, in equal instalments over the lease term when the leased items are in use.

Where the leased items are not in use, the operating lease payments will be treated as a prepayment until the items are being used to derive income. These prepayments are released to the forecast statement of comprehensive income on a straight line basis over the period of the remaining operating lease term.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Investments

Investments consist of bank deposits with original maturities greater than three months but less than one year.

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

For bank deposits, impairment is established when there is objective evidence that the Independent Police Conduct Authority will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into receivership or liquidation, and default in payments are considered indicators that the deposit is impaired.

Property, plant and equipment

Property, plant and equipment asset classes consist of office equipment, furniture and fittings and leasehold improvements.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Independent Police Conduct Authority and the cost of the item can be measured reliably.

Cost includes consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the forecast statement of comprehensive income.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Independent Police Conduct Authority and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the forecast statement of comprehensive income as they are incurred.

Depreciation

Depreciation is calculated on a diminishing value basis on property, plant and equipment once in the location and condition necessary for its intended use so as to write off the cost or valuation of the property, plant and equipment over their expected useful life to its estimated residual value.

The following estimated rates are used in the calculation of depreciation:

Office equipment	25.0% DV
Furniture & fittings	25.0% DV
Leasehold improvements	25.0% DV

Intangible assets

Software acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Independent Police Conduct Authorities website are recognised as an expense when incurred.

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment.

Amortisation

Amortisation is charged on a diminishing value basis over the estimated useful life of the intangible asset.

The following amortisation rate is used in the calculation of amortisation:

Software	25.0% DV
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Impairment

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Independent Police Conduct Authority would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the forecast statement of comprehensive income.

Financial liabilities

Creditors and other payables

Creditors and other payables, comprising trade creditors and other accounts payable, are recognised when the Independent Police Conduct Authority becomes obliged to make future payments resulting from the purchase of goods and services.

Employee entitlements

Short-term employee entitlements

Provisions made in respect of employee benefits expected to be settled within 12 months of reporting date, are measured at the best estimate of the consideration required to settle the obligation using the current remuneration rate expected.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date.

The Independent Police Conduct Authority recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the forecast statement of comprehensive income as incurred.

Goods and Services Tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of current assets or current liabilities in the statement of financial position.

The net GST paid to, or received from the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Independent Police Conduct Authority is a public authority and consequently is exempt from the payment of income tax. Accordingly no charge for income tax has been provided for.

Cash flow statement

The Cash Flow Statement is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive income.

Definitions of the terms used in the cash flow statement are:

“Cash” includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the entity as part of its day to day cash management.

“Investing activities” are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

“Financing activities” are those activities relating to changes in equity of the entity.

“Operating activities” include all transactions and other events that are not investing or financing activities.

ANNEX 3: Critical judgments in applying the Authority's accounting policies

In the application of New Zealand International Financial Reporting Standards (NZ IFRIS), management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

