



Independent Police Conduct Authority

# ANNUAL REPORT 2008 – 2009



**IPCA**

Independent Police Conduct Authority  
Whaia te pono, kia puawai ko te tika

TO: THE HONOURABLE MINISTER OF JUSTICE

I have the honour to present to Parliament the Annual Report of the Independent Police Conduct Authority pursuant to the provisions of the Crown Entities Act 2004.

The report covers the period 1 July 2008 to 30 June 2009.



The Hon. Justice Goddard

CHAIR, INDEPENDENT POLICE CONDUCT AUTHORITY

---

November 2009

---

IPCA  
Level 8  
342 Lambton Quay  
PO Box 5025,  
Wellington 6145  
Aotearoa New Zealand

0800 503 728  
P +64 4 499 2050  
F +64 4 499 2053  
[www.ipca.govt.nz](http://www.ipca.govt.nz)

# Contents

2:	FOREWORD
4:	ABOUT THE AUTHORITY
11:	RE-ENERGISING THE IPCA
14:	THE AUTHORITY'S GROWING INTERNATIONAL PROFILE
15:	COMPLAINTS AND INVESTIGATIONS

23

## FINANCIAL STATEMENTS

24:	STATEMENT OF SERVICE PERFORMANCE
30:	STATEMENT OF FINANCIAL PERFORMANCE
31:	STATEMENT OF FINANCIAL POSITION
32:	STATEMENT OF CHANGES IN EQUITY
33:	CASH FLOWS STATEMENT
34:	STATEMENT OF ACCOUNTING POLICIES
42:	NOTES TO THE FINANCIAL STATEMENTS
55:	STATEMENT OF RESPONSIBILITY
56:	AUDIT REPORT

# Foreword

The Independent Police Conduct Authority, as the nation's statutory police reviewing body, serves to protect the public from abuse of Police powers by examining police conduct, adherence to duty, practice, policy and procedure. In this role the Authority strengthens Police by encouraging internal discipline and greater awareness of public concerns over policing service delivery.

The Authority strives to improve policing standards and to improve the public's experience of policing services and so strengthen the public's trust and confidence in the New Zealand Police.

For the Authority, the 2008-2009 year has seen the completion of a programme of change and expansion, from late 2007 to early 2009, to enhance its capacity and capability.

The structural changes now enable a much more effective and efficient level to deal with complaints and to carry out investigations.

When complaints are received from the public our Complaints Management Team is responsible for according priority and allocating the work according to a category system designed to ensure every complaint is responded to early with a tailored process according to an assessed level of seriousness. The Team also ensures that regular contact is maintained with complainants while their complaint remains current. They are also responsible for recording, tracking and reporting on all complaints, and the maintenance of the authority's enhanced database.

Serious complaints, and any Police incident involving death or serious bodily harm, and any Police incidents of serious criminal offending, serious misconduct, neglect of duty or corruption, are responded to by our Investigations Group. We now have two investigation teams which greatly increase our investigative capacity and enhance the reality of our independent action. All our investigators have solid track records in serious and complex investigations and in the management of large teams of investigators.

Our Reviewing Team reviews complaints which have been investigated by the Police themselves and when appropriate they make recommendations, through a Member of the Authority, to the Police for further action, or modified action or for changes in Police policy where negative policy outcomes warrant it.

The Complaints Management Team, Investigation Group and the Reviewing Team are all supported by a robust information system (which is currently being upgraded) and a new corporate infrastructure.

As a result of these improvements and recent budget support by the Government I am confident that the Authority is strongly positioned to be the independent and robust reviewing agency that the public expects us to be and so strengthen the public's trust and confidence in the Police.



**The Hon. Justice Lowell Goddard**

CHAIR, INDEPENDENT POLICE CONDUCT AUTHORITY

# About the Authority

---

## LEGISLATION

The Independent Police Conduct Authority is established under the Independent Police Conduct Authority Act 1988.

Its predecessor, the Police Complaints Authority, was created by the Police Complaints Authority Act 1988. Under that Act the Authority was in fact an individual who was either a serving or retired judge.

On 29 November 2007<sup>1</sup> the Police Complaints Authority became the Independent Police Conduct Authority and the position of Authority was changed from an individual to an Authority of up to 5 members. The appointed members become the Board for the purposes of the Crown Entities Act 2004. In addition, the name of the original 1988 Act was changed to the Independent Police Conduct Authority Act 1988.

The Authority is an Independent Crown entity under the Crown Entities Act 2004. It is funded through Vote: Justice. The responsible minister is the Minister of Justice, the Hon. Simon Power. As a Crown entity, it is independently governed and operated.

---

## THE INDEPENDENT POLICE CONDUCT AUTHORITY MEMBERSHIP

The Authority currently comprises 3 members. The Chair of the Board, the Hon. Justice Lowell Goddard, was appointed as the sole Authority under the previous legislation in February 2007. With the new legislation coming into effect in November 2007 she became Chair of the Authority.

---

<sup>1</sup> s.7 Independent Police Conduct Authority Act 2007

In September 2008 Parliament approved the appointment of two Authority members, namely Mr Allan Galbraith and Mr Mel Smith. All three Authority members serve full-time roles in the leadership and management of the organisation.

---

#### ROLE AND POWERS Under the Act, the Authority's functions are to:

- receive and consider complaints (i) alleging misconduct or neglect of duty by any member of police or (ii) concerning any police practice, policy or procedure affecting the complainant; or
- investigate incidents in which a member of police (acting in the execution of his or her duty) causes or appears to have caused death or serious bodily harm.

When it receives a complaint, the Authority has a range of options open to it including: conducting an independent investigation; overseeing a police investigation; referring the complaint to police; reviewing a police investigation; deferring action (for example, while police complete a criminal or disciplinary investigation); and taking no action.

When an investigation is completed, as well as informing any complainant, the Authority informs police of its findings and recommendations, which can include recommending criminal or disciplinary action. The Authority can also issue public reports.

---

#### OPERATING INDEPENDENTLY

Under the Independent Police Conduct Authority Act 1988, the Authority is required to be independent. 'Independence' means the Authority makes its own judgements based on the evidence and the law.

There are three aspects to the Authority's independence:

- legislative independence – this is guaranteed by the Independent Police Conduct Authority Act 1988 and the Crown Entities Act 2004;
- operational independence – this refers to the Authority's ability to conduct its own investigations, and oversee and review police investigations, without undue reliance on police; and

- the perception of independence – alongside operational and legislative independence, it is important that the public recognises and has trust in the Authority's independence.

Both actual and perceived independence are of fundamental importance to the Authority's work.

Recent budget support by the Government has given the Authority greater resources to extend the scope of its independent investigations.

The Authority has followed a deliberate policy of appointing only highly experienced investigators to its Investigating Group. In practice this means that all of its investigators have extensive policing experience either in New Zealand or in other Commonwealth countries. The Authority is aware that some members of the public may feel this policy puts the Authority's independence at risk. However, it is the Authority's firm view that its independence and credibility are more threatened by inadequate investigative expertise and performance.

No serving member of any Police service is employed in the Authority. The Authority has policies and procedures to identify and manage possible conflicts of interest.

---

#### WORKING RELATIONSHIP WITH THE POLICE

It is necessary for the Authority to have regard for the internal disciplinary and reform processes implemented by the Police in conjunction with the introduction of their Code of Conduct early in 2008.

It is both compatible with the principle of independence and in the public interest for the Authority and the Police to work constructively together to ensure the success of the Police reforms. These have been intended to achieve both the advantage of early intervention and of increased responsibility on the part of the Police for the complaint/disciplinary process, as well as the district complaint/conciliation process.

In addition to the statutory jurisdiction of the Authority, there is already in effect a Memorandum of Understanding between the Authority and the Police, providing for matters of serious misconduct or neglect of duty, internally reported within



the Police, to be notified to the Authority and then to be dealt with by the Authority as if they were complaints. The Memorandum of Understanding is at the present time being reviewed.

The procedures to be followed when both the Authority's own investigators and the Police are carrying out parallel investigations into a matter are addressed by a protocol for co-operation entered into between the two organisations. This protocol defines the working relationship between the Police and Authority's investigators. It allows active and independent investigation by the Authority whilst recognising that the Police have the primary responsibility for the investigation of crime.

---

#### CRIMES OF TORTURE AMENDMENT ACT 2006

Under the Crimes of Torture Amendment Act 2006, the Authority has been designated by the Minister of Justice as a national preventive mechanism in relation to people held in Police cells or otherwise in the custody of the Police, e.g. police vehicles.

This function is part of New Zealand's commitment to monitor conditions in places of detention in order to comply with the Optional Protocol to the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT).

The Authority is one of several 'national preventive mechanisms' designated under the Act. The Human Rights Commission has overall responsibility for coordinating New Zealand's programme of monitoring and reporting on places of detention in compliance with the protocol.

---

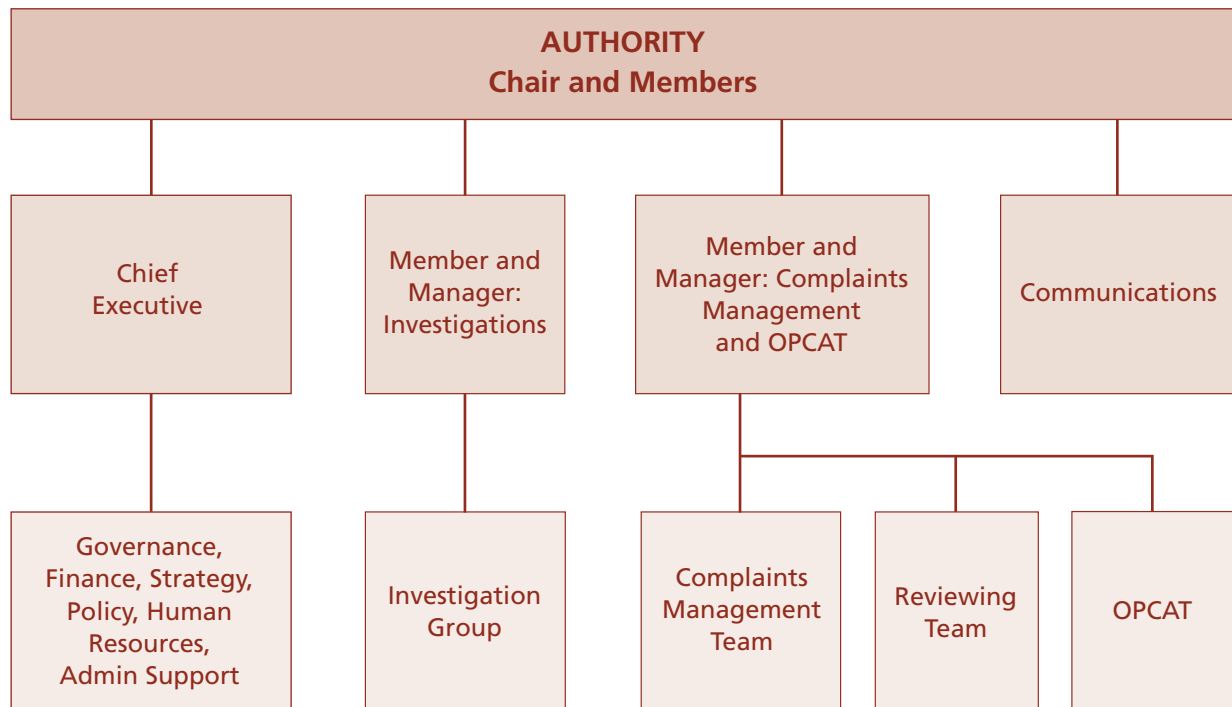
#### EMPLOYMENT POLICIES

The Authority has an equal employment opportunities policy and is an equal opportunities employer in its recruitment and staff development practices. It carries out good employer practices in its human resource management. The Authority has documented human resource policies.

The Authority has a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment.

The Authority will consult with staff on issues of concern and conduct and review existing policies, practices, documents and systems in all areas of business to ensure equal opportunities in recruitment, appointment, development, promotion and remuneration.

#### STRUCTURE OF THE INDEPENDENT POLICE CONDUCT AUTHORITY





# Operating Framework

## **Vision Statement**

Increased public confidence in the Police through the investigation of the appropriateness of Police actions, procedures and policies and the making of recommendations.

## **Mission Statement**

*Whaia te pono, kia puawai ko te tika*

*“Seek out the truth, that justice may prevail”*

## **Outcomes**

The work of the IPCA is focused on achieving the following immediate outcomes:

- increased public confidence in the New Zealand Police;
- improved public experience of policing;
- improved policing standards.

These IPCA outcomes contribute to the Justice Sector Outcomes of:

- accessible Justice Services;
- effective Constitutional Arrangements;
- trusted Justice System.

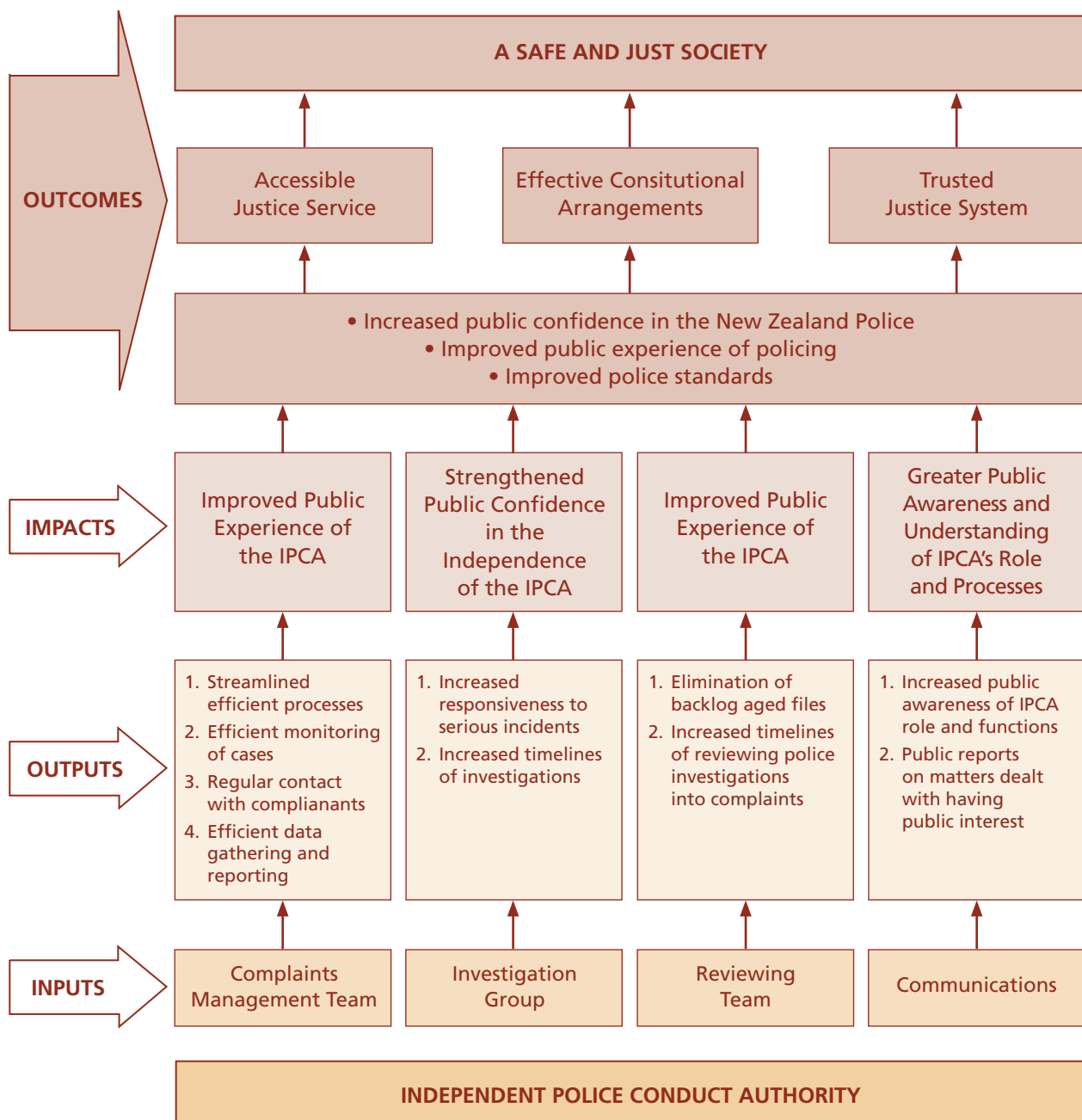
All these outcomes contribute to the overarching Justice Sector outcome of *A Safe and Just Society*.

The Authority has a range of resources (inputs) which it utilises to gain the maximum traction (outputs) toward achieving its objectives (impacts) which altogether make it possible for the Authority to achieve its stated outcomes.

The Authority does not exist for its own ends but rather is a tool for Government to achieve a Safe and Just Society.

The details of this process are reflected in the following chart:

### Operating Framework of the Independent Police Conduct Authority





# Re-energising the IPCA

The effectiveness and efficiency of the Authority has been significantly improved by the implementation of its new operational structure.

---

## COMPLAINTS MANAGEMENT TEAM (CMT)

Consisting of a Team Leader and Case Managers, this new facility came into operation on 1 December 2008 and manages a comprehensive system of complaint receipt, assessment, allocation, monitoring, follow-up and reporting.

Its functions are more streamlined than earlier complaint processes. This has been made possible by the implementation of a new category system which is the result of negotiations with the Police.

At the heart of the category system is a prioritisation framework which enables all complaints to receive immediate or early attention. The framework determines a process tailored for each level of priority rather than simply resorting to deferment of action.

The CMT provides more efficient monitoring of cases than was possible previously. Complainants as a matter of course will be kept up-to-date as to the progress of their complaints. The report of the Commission of Inquiry into Police Conduct recommended that the Authority keep complainants informed. These activities will enable more efficient data gathering and reporting.

The CMT will maintain responsibility for and guardianship of all complaints, and ensure robust processes continue to be used for less serious complaints through close supervision including auditing, monitoring and random sampling. Sampling will include the Authority taking the lead in investigating less serious matters from time to time.

The advent of the CMT will lead to an improved public experience of the IPCA.

---

#### INVESTIGATION GROUP

The Authority has shifted from a reviewing focus to an investigation focus. From 2007 the Authority's expanded investigation capacity to 2 teams (9 investigators plus support staff) has enabled it to increasingly conduct its own investigations into serious incidents and complaints entirely independently of the Police, or to actively oversee police investigations. This has led to increased responsiveness to serious incidents and increased timeliness of investigations.

All of the Authority's investigators have had extensive experience in investigations and investigation management.

It is expected that the Authority's new investigative capacity will result in a strengthened public confidence in the independence of the Authority.

---

#### REVIEWING TEAM

The Reviewing Team (formerly known as the Transition Team) reviews investigations undertaken by the Police into complaints made against them by the public. Because of staff shortages and less-efficient processes, a backlog of these files developed prior to 2007. As at 30 June 2007, the backlog numbered 1,611 files. This number was reduced to 211 files as at 30 June 2008. By 30 June 2009 that backlog was reduced to 30 files.

Elimination of the backlog has enabled more efficient and timely reviewing of new Police complaints and improved processes have prevented the build up of fresh backlogs.

The overall result will lead to an improved public experience of the Authority.

---

#### OPTIONAL PROTOCOL TO THE CONVENTION AGAINST TORTURE (OPCAT)

Separate from but allied to the Authority's role in respect of public complaints against the Police, is its role as a National Preventive Mechanism under OPCAT.

The Authority visits Police detention facilities (cells and police vehicles for holding and transporting police prisoners) throughout the country to ensure they are safe and humane environments that meet international standards and that measures are in place to prevent ill-treatment of prisoners.

The Authority also examines any complaint that involves any allegations of mistreatment in Police custody or inadequate detention facilities and considers whether there are issues requiring consideration by the Authority as a national preventive mechanism.

The Authority contributes to the annual report on OPCAT findings led by the Human Rights Commission.

This obligation is now managed by an Authority member.

---

## COMMUNICATIONS

A large part of the focus of the Authority in this area has been on raising public awareness of the Authority's role, functions and activities. This has been done through information pamphlets, its website, stakeholders, community meetings, and through the release of public reports.

During the year, the Authority's website was overhauled and modernised so that it is now a much more user-friendly public resource allowing complaints to be made on-line and providing a wide range of information relating to services and allowing downloading access to Authority publications.

---

## IMPACT OF THESE CHANGES

The 2007 Commission of Inquiry into Police Conduct made 12 recommendations relating to the Independent Police Conduct Authority, aimed at enhancing independence, improving timeliness of the Authority's case management and communication with complainants.

The above-mentioned developments significantly improve the Authority's effectiveness and efficiency in the delivery of its services to the public.

However, this financial year marks the end of the significant structural and systemic changes planned for the Authority. The following year will provide the first benchmark period for gauging the success of the changes. It has been observed that the new systems already ensure greater attention is given to complainants and that investigation resources, through a new prioritising regime, can be better targeted.

A survey will be conducted at the end of the new financial year to gauge the public's reaction to the Authority's changes.

# The Authority's Growing International Profile

The Authority enjoys a reputation for integrity and effectiveness both in New Zealand and overseas. In each case below the Authority was specifically requested to make a contribution.

## **International Internship**

2008 (April to August) Authority Internship. We provided an internship for a Zimbabwean High Court Judge during his studies in public policy at Victoria University. He hopes to be able to introduce similar practices in Zimbabwe when political stability returns to his country.

## **Contribution to Kenya**

2008 (June to August) Kenya. At the request of the Kenyan Government we provided a senior investigator (for 3 months) to lead the investigation into police misconduct during the Kenyan general election in 2007 which had resulted in the death of many of its citizens.

## **United Nations Deployment**

2009 (March to August) Timor Leste. We responded to a request by the Timor Leste government to provide a senior investigating officer on attachment to Provedoria (Ombudsman) for Human Rights to assist local efforts to establish a viable agency for the independent review of police conduct. An Authority senior investigator (a former NZ Police Detective Inspector) was appointed to that role for 6 months.

## **Niue**

The Authority has just been invited to assist and advise the Government of Niue on the establishment of a Police Conduct Authority in that country. This is ongoing.



# Complaints and Investigations

	Complaints	Investigations	
Complaints By File (as opposed to separate headings in one complaint)	1 July 2008 to 30 June 2009	Files Under investigation	File 12 months or older as at 30 June 2007 (The Backlog)
Current Files as at 1 July 2008	1307	147	211
Received 1 July 08 to 30 June 2009	1997	72	
Total Files	3304	219	
Files closed 1 July 08 to 30 June 2009 (Deduct from Total Files)	2345	138	181
*Current Files as at 30 June 2009	959	81	30
**Files 12 months or older at 30 June 2009 (including the 30 Backlog files)	139		

\*These are files which are still current/or awaiting police reports and/or review by the Authority and include the 81 and 30 totals.

\*\*This total comprises 109 files outstanding from the 2007-2008 year plus the 30 backlog files.

## COMPLAINTS AND INVESTIGATIONS SUMMARY

### 1 JULY 2008 TO 30 JUNE 2009

#### COMPLAINTS

The number of complaints received in the 2008/09 year (1997) was down slightly from the previous year (2,073) which was the highest total received since the Authority began.

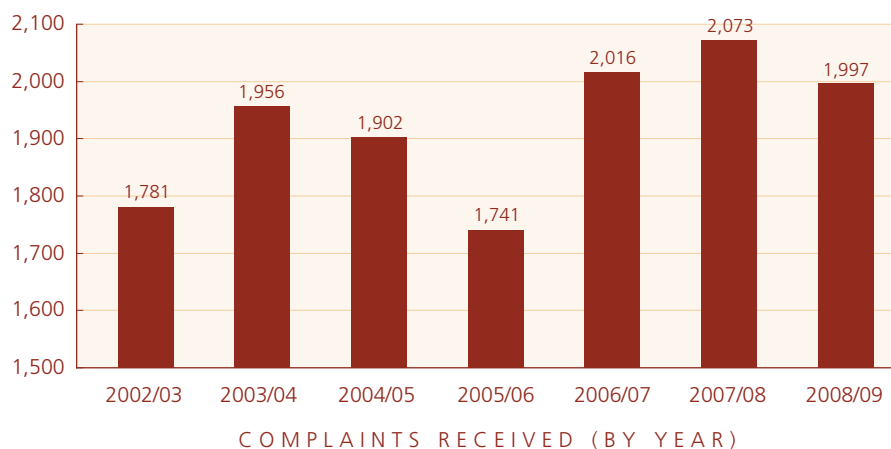
The workload of the Authority remains steady at about 2000 complaints per year, not including matters which must be reported to the Authority by the Police (s.13 incidents, Independent Police Conduct Authority Act 1988).

This latter group includes matters in which a member of police (acting in the execution of his or her duty) causes or appears to have caused death or serious bodily harm, and also includes incidents involving serious misconduct, serious neglect of duty or corruption. A total of 57 such incidents was reported to the Authority during 2008/09.

#### Complaint Files

During the year, the Authority received 1997 complaints and accepted 1501 for investigation (either by the Authority or by police under the Authority's oversight).

Of the 1501 complaints accepted, 820 were closed during the year. Another 1168 complaints outstanding from previous years were also closed, leaving 959 complaints open at 30 June 2009.



### Age of Complaints

At the end of 2006/07 the Authority had 1611 complaint files which were older than 12 months; by the end of 2007/08 this had reduced to 211 – a reduction of 87%.

At the end of 2008/09 this same backlog was reduced to 30 files.

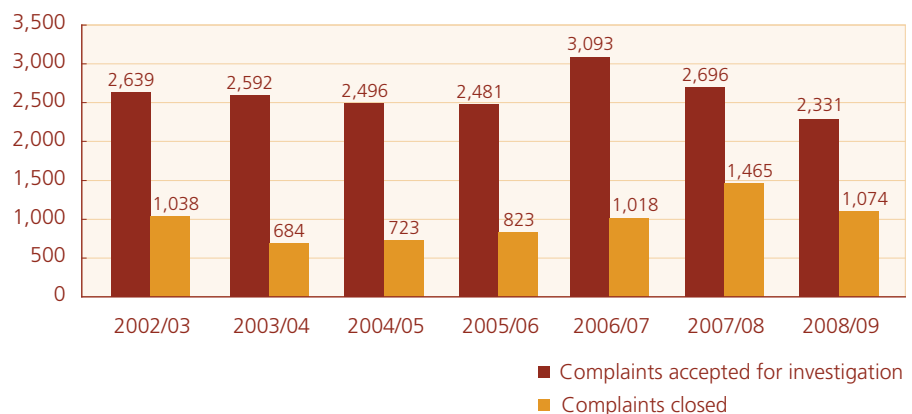
The Authority is now able to focus its efforts on disposing incoming files in more timely fashion than was possible prior to the structural and systemic changes.

### Heads of Complaint

“Heads of complaint” are separate allegations made within each complaint. For example, a single complaint might cover allegations of unlawful arrest, use of force and other matters. This then would count as one file but with several heads of complaint.

In 2008/09, 3090 heads of complaint were received and 2331 were accepted for investigation by the Authority or by Police under the Authority’s oversight. Of the 2331 heads of complaint, 1074 were closed during the year.

### Heads of Complaint Accepted and Closed by Year



### **Heads of Complaint by Category**

The Authority classifies its complaints into 35 categories. The most common “heads of complaint” are:

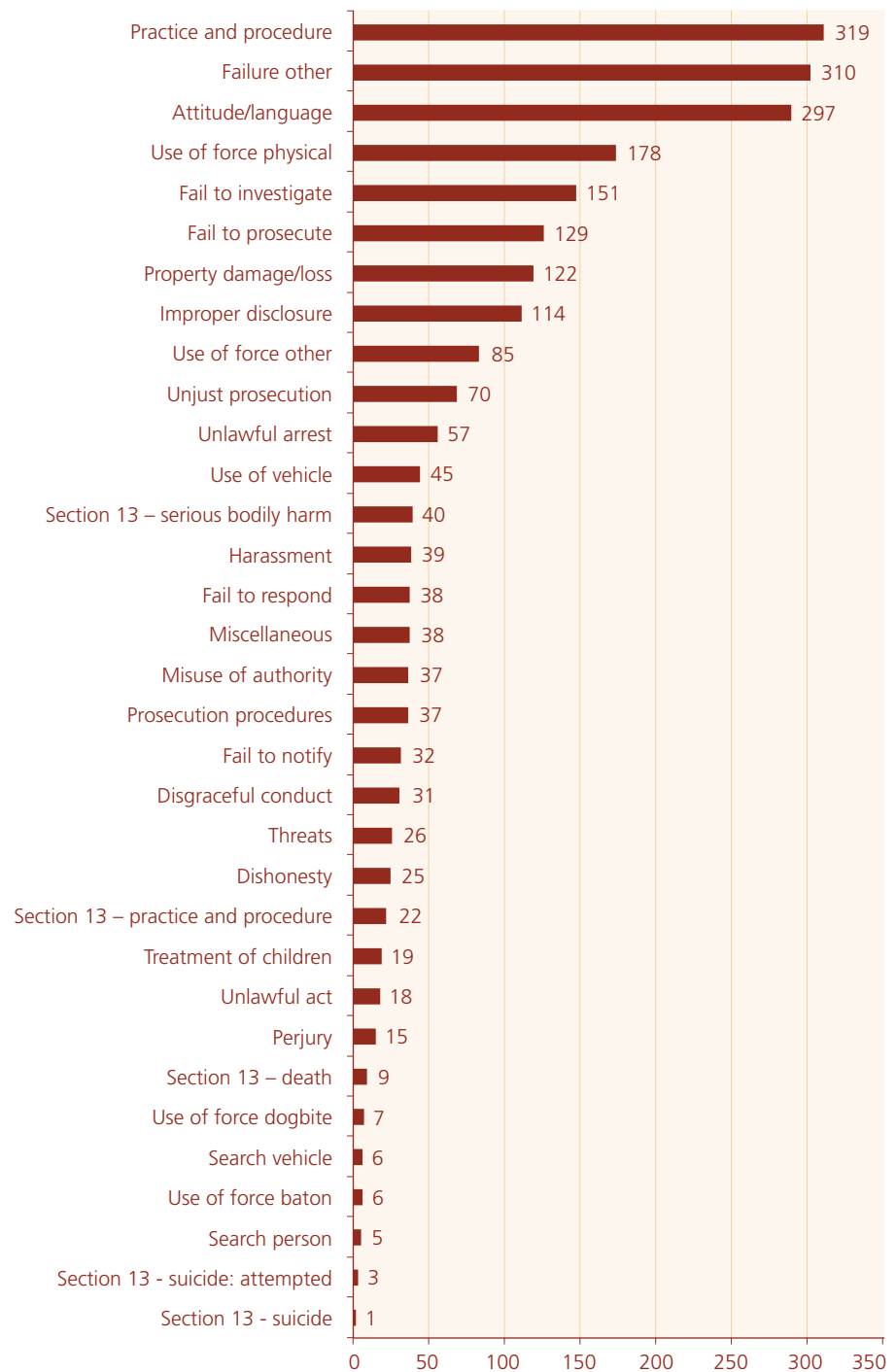
- neglect of duty: failure (other) – this category includes heads of complaint that are not covered by other ‘neglect of duty’ categories; complaints included in this category may include inadequate investigation, failure to provide medical assistance, and failure to provide food and water;
- Police practices and procedures affecting the complainant;
- bad attitude or language;
- use of force – physical; and
- neglect of duty: failure to investigate.

### **Death and Serious Injury**

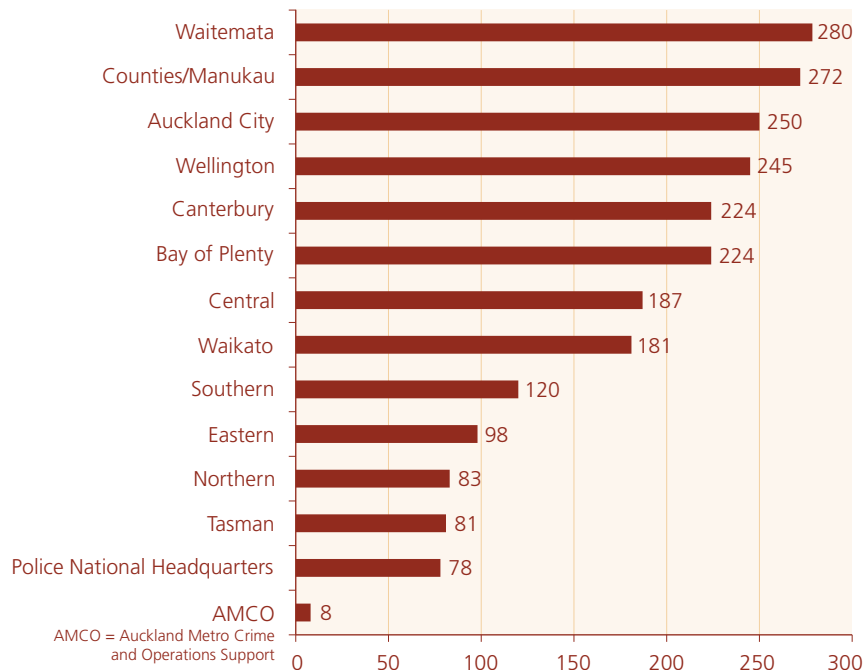
Under section 13 of the Independent Police Conduct Authority Act 1988, Police must notify the Authority of incidents of death and serious bodily harm associated with police actions (for example, deaths in police cells and deaths or injuries following police pursuits).

During 2008/09, under section 13 the Authority received 9 reports of deaths, 1 of suicide and 40 of serious bodily harm. Each section 13 notification of a death or serious injury may raise one or more matters of police practice, policy and procedure. These are represented in the ‘section 13 – practice and procedure’ category.

### Heads of Complaint Accepted by Category 2008/09



## Heads of Complaint by District



New Zealand is divided into 14 Police districts, including Police National Headquarters. During the year, complaints were received from all districts, the highest numbers being from Waitemata, Counties Manukau, and Auckland City.

## Investigations

During 2008/09, the Authority's investigators were involved in a total number of 219 investigations. Of those 147 were open at the beginning of the year and 72 were started during the year.

At 30 June 2009, 81 investigations remained active.

The investigations covered a wide range of serious complaints and incidents including:

- police actions appearing to have contributed to the death and serious bodily harm – for example deaths in Police cells, and deaths and injuries arising from Police pursuits;
- complaints alleging corruption or flaws with Police investigations;
- complaints of excessive force or other misconduct by Police officers.

---

**REPORTS  
RELEASED**

The Authority has been particularly active in its investigations and has released a total of 11 reports during 2008-2009. This dramatic increase in output is a direct result of the increased resources given to the Authority.

**Police should have abandoned pursuit prior to fatal crash**

26/6/09 – A Police pursuit that ended with the death of 17-year-old Jamie McElrea should have been abandoned prior to the fatal crash.

**Police complied with policy in fatal pursuit**

5/6/09 – Auckland Police officers complied with policy in the pursuit of Ritchie Nehua Angell and did not cause his death.

**Officer who injured Farhat Buksh broke law and Police policy**

29/5/09 – The Auckland Police officer who seriously injured teenager Farhat Buksh was breaking the law and Police policy and should not have been speeding.

**Report on the fatal pursuit of Peter Kotsifakis**

24/4/09 – Police reached higher speeds than would normally be acceptable during a fatal pursuit in Palmerston North on 6 July 2008. However, the pursuit was justified.

**Report on the death of Jonathan Ripia**

31/3/09 – The Police officer who restrained Jonathan Ripia was complying with the law and did not cause Mr Ripia's death from positional asphyxia.

**Report on the shooting of Stephen Jon Bellingham**

25/3/2009 – The Police officer who shot Stephen Jon Bellingham in Christchurch in 2007 was acting in self defence at the time of the shooting, but the officer's earlier actions had limited his options to safely contain Mr Bellingham.

**Report on the shooting of Steven Wallace**

17/3/2009 – The Authority found no evidence of misconduct or neglect of duty on the part of Police in relation to the shooting of Steven Wallace in Waitara on 30 April 2000.

**Report on a fatal pursuit in Timaru on 9 February 2008**

10/3/2009 – Police have been cleared of misconduct or neglect of duty over a fatal pursuit in Timaru on 9 February 2008, but the Authority has expressed concern that a pursuit arising from a routine failure to stop had such a tragic outcome.

**Police response to a party at Edgeware Road, Christchurch**

18/12/08 – Police were not responsible for the deaths of two young women at a party in Edgeware Road, Christchurch in 2007.

**Complaint by Bruce Van Essen**

21/9/08 – The Authority recommends that Police tighten policies on conduct of searches and conflicts of interest.

**Traffic incident involving Howard Broad**

5/7/08 – The Authority has found no evidence to support an allegation that Police Commissioner Howard Broad pulled rank and refused a breath test at a traffic stop in 1992.

The Authority has received positive feedback on the thoroughness and clarity of its reports from media and from Police complaints bodies overseas.



# Financial Statements



# Statement of Service Performance

---

## OUTPUT CLASS 1: COMPLAINTS

The Authority is responsible for a single output class, Complaints. Therefore, the statement of financial performance provides the actual revenue and expenses incurred compared with budget.

The Authority receives and considers complaints (i) alleging misconduct or neglect of duty by any member of police or (ii) concerning any police practice, policy or procedure affecting the complainant. The Authority also investigates incidents in which a member of police (acting in the execution of his or her duty) causes or appears to have caused death or serious bodily harm.

In addition, under a memorandum of understanding, police notify The Authority of any incident of serious misconduct or neglect of duty and the Authority considers these matters as if they were complaints.

The Statement of Service Performance covers the primary activities of the Authority captured under headings relating to governance, complaints, investigation, communications and our role in the Optional Protocol to the Convention against Torture (OPCAT).

To illustrate the transition of the Authority into a newly charged agency we have reported our activities in relation to our previous complaints process, our new complaints process and our treatment of our file backlog.

Extensive work is currently being done on redesigning and upgrading our database. When completed, before the end of 2009, our ability to provide robust statistical reporting will be substantially improved.

The following charts our progress in meeting the service performance objectives declared in our Statement of Intent for 2008-2010/2011.

<b>Governance</b>	
<b>Performance Indicators</b>	<b>Performance to 30 June 2009</b>
New Board to be properly constituted before 30 June 2009.	<b>Achieved.</b> The Board now consists of the Chair and two members, all of whom are full-time appointments.

<b>Previous complaints process (from 1 July 2008 to December 2008)</b>	
<b>Performance Indicators</b>	<b>Performance to 30 June 2009</b>
Ensure that all complaints and incidents are assigned to a reviewing officer or investigator and acknowledge receipt of them within 5 working days.	<b>Achieved.</b>
Monitor all investigations undertaken by the Police and in which the IPCA is interested to ensure timely completion and ensure that 90% of files relating to investigations completed by Police are disposed of within 90 days of receipt of those files by the Authority.	<b>Achieved.</b> This performance measure is standing operation procedure and in practice any failure would be rare and noteworthy. New systems which have been brought into effect will enable more precise measurement of performance in future.
Ensure that 80% of all complaint files, including complaint files referred to the Police for investigation and which are resolved by the Police without further reference to the IPCA, are closed by 30 June 2009.	<b>Achieved.</b>

**New Complaints Process from December 2008  
(complaints management team)**

<b>Performance Indicators</b>	<b>Performance to 30 June 2009</b>
Enquiries to the Authority will be responded to within one working day (95% of all cases).	<b>Achieved.</b> The redesigned website has been installed and now provides automatic response to all enquiries /complaints received from the website. Complaints received by other means are responded to within one working day in almost every case.
Facilitate the receipt of oral complaints if desired by the complainant (100%).	<b>Achieved.</b>
Serious matters to be assigned to the IPCA investigation group with 24 hours (95% of all cases).	<b>Achieved.</b> This performance measure is standing operation procedure and in practice any failure would be rare and noteworthy. New systems which have been brought into effect will enable more precise measurement of performance in future.
Complaints deemed appropriate for investigation or resolution by the police to be referred to the police within 5 days of receipt or where attempted speedy resolution has failed (95 % of all cases).	<b>Achieved.</b> This performance measure is standing operation procedure and in practice any failure would be rare and noteworthy. New systems which have been brought into effect will enable more precise measurement of performance in future.
Police complaint investigation files which are referred to the Authority for review will be reviewed and completed by the Complaints Management Team within 60 days of receipt from the police (75%of cases).	<b>Achieved.</b> This performance measure is standing operation procedure and in practice any failure would be rare and noteworthy. New systems which have been brought into effect will enable more precise measurement of performance in future.

### Complaints Backlog

Performance Indicators	Performance to 30 June 2009
By 30 June 2009 backlog of old complaints (i.e. complaint files 12 months old and older and which are not subject to court processes and those file opened up to 30 June 2008 remaining unresolved)) reduced by 50% from 1 July 2008 total.	<b>Achieved. Actual backlog reduction from last year is 86%.</b>  Backlog files held at 1 July 2008 = 211  Backlog files held at 30 June 2009 = 30
By 30 June 2010 File Backlog will be eliminated.	Only 30 files to go as at 30 June 2009.

### Investigations

Performance Indicators	Performance to 30 June 2009
Investigators will make contact with victims, next of kin and complainants within 5 working days upon receipt of the file from the Complaints Management Team (90% of all cases).	<b>Achieved.</b>  This performance measure is standing operation procedure and in practice any failure would be rare and noteworthy. New systems which have been brought into effect will enable more precise measurement of performance in future.
Investigators will maintain contact with victims, next of kin and complainants and keep them apprised of progress at least once per month unless it is unnecessary or inappropriate to do so (90% of all cases).	<b>Achieved.</b>  This performance measure is standing operation procedure and in practice any failure would be rare and noteworthy. New systems which have been brought into effect will enable more precise measurement of performance in future.
In the course of independent IPCA investigations, Investigators will keep the Commissioner advised of progress on a monthly basis (100% of such cases).	<b>Achieved.</b>

### Investigations

Performance Indicators	Performance to 30 June 2009
Investigators will, except in circumstances which are beyond the control of the IPCA, complete 90% of all investigations within 12 months.	<b>Achieved.</b> This performance measure is standing operation procedure and in practice any failure would be rare and noteworthy. New systems which have been brought into effect will enable more precise measurement of performance in future.
Recommend to the Authority that the Attorney General be notified in any case where the Police fail to implement the recommendations of the Authority (100% of all cases).	No such incidents have arisen so far this year.

### Optional Protocol to the Convention Against Torture (OPCAT)

Performance Indicators	Performance to 30 June 2009
Inspect 30 detention facilities before 30 June 2009.	<b>Achieved.</b> 37 detention facilities were inspected.
Prepare a report to 30 June 2009 on its observations, conclusions and recommendations with regard to detention facilities to be submitted to Parliament and to the public.	Report not due for submission yet (later this year as determined by the Human Rights Commission as chief National Preventive Mechanism under OPCAT).

Communications	
Performance Indicators	Performance to 30 June 2009
Develop communications strategy to enhance quality of IPCA releases of information and public understanding of IPCA information (by 31 July 2008).	The Communications Strategy was signed off in October 2008. Key elements of the strategy include greater transparency through public reporting, improved communication through news media, and improved explanation of IPCA functions through redevelopment of the website and development of a new brochure (below).
By 30 September 2008, prepare for public distribution pamphlet (to be included on IPCA website) explaining: <ol style="list-style-type: none"> <li>IPCA functions and structure,</li> <li>how to make a complaint and what process follows.</li> </ol>	A new IPCA brochure was published in May 2009 and has been distributed to groups that are likely to advise complainants (such as Community Law Centres and Citizens Advice Bureaux).
Update the IPCA website to facilitate the reception of complaints and to better inform the public of the work of the Authority (by 30 November 2008).	The redeveloped website went 'live' in May 2009. The new website includes improved explanation of IPCA functions and powers, online access to complaint forms, media release and IPCA public reports on investigations. It was short-listed in the 2009 Writemark Plain English Awards.
Undertake at least 5 Police area visits by 30 June 2009.	<b>Achieved.</b> Police areas visited included Waitemata, Auckland City, Counties Manukau, Waikato, Tauranga, Whakatane, Murupara, Gisborne, Hastings, Turangi, Masterton, Christchurch, Papanui.
Undertake a survey of complainants' satisfaction with IPCA processes to a standard of satisfactory or better.	Initial plans to conduct a survey have needed revision due to concerns over cost-effectiveness and timing. A survey will be more meaningful (2009-2010) after all structural and systems improvements have had time to settle.

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual \$	Notes	2009 Actual \$	2009 Budget \$
<b>REVENUE</b>			
2,586,000	Revenue from Crown 1	4,120,000	3,863,000
39,820	Interest Received	8,499	48,000
<b>2,625,820</b>	<b>Total Revenue</b>	<b>4,128,499</b>	<b>3,911,000</b>
<b>EXPENSES</b>			
25,550	Audit fees 2	18,231	17,000
11,805	Amortisation 7	14,206	–
65,565	Depreciation 6	103,032	144,000
42,612	Communication charges	54,882	40,800
2,168,489	Personnel 3	2,816,108	3,098,868
67,054	Printing & stationery	83,381	86,000
332,418	Professional fees	273,586	31,900
207,353	Rent	274,188	269,000
164,807	Services & supplies	194,419	99,900
11,558	Subscriptions	22,776	12,000
297,614	Travel & accommodation	201,049	101,000
14,829	Austin Investigation	–	–
<b>3,409,654</b>	<b>Total Expenses</b>	<b>4,055,858</b>	<b>3,900,468</b>
<b>(783,834)</b>	<b>Net Surplus / (deficit) for the year</b>	<b>72,641</b>	<b>10,532</b>

Explanations of significant variances against budget are detailed in note 19.

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these financial statements.



STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2009

2008 Actual \$		Notes	2009 Actual \$	2009 Budget \$
<b>CURRENT ASSETS</b>				
224,839	Cash and cash equivalents	4	215,090	637,691
37,652	Debtors and other receivables	5	93,495	13,200
<b>262,491</b>	<b>Total Current Assets</b>		<b>308,585</b>	<b>650,891</b>
<b>NON-CURRENT ASSETS</b>				
217,966	Property, plant & equipment	6	414,079	113,582
43,284	Intangible assets	7	47,648	–
261,250	Total non-current assets		461,727	113,582
<b>523,741</b>	<b>TOTAL ASSETS</b>		<b>770,312</b>	<b>764,473</b>
<b>CURRENT LIABILITIES</b>				
136,734	Creditors and other payables	8	201,751	97,163
121,687	Employee entitlements	9	230,600	–
<b>258,421</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>432,351</b>	<b>97,163</b>
<b>265,320</b>	<b>NET ASSETS</b>		<b>337,961</b>	<b>667,310</b>
<b>CROWN EQUITY</b>				
265,320	Total investment by the crown		337,961	667,310
<b>265,320</b>	<b>Total Crown Equity</b>		<b>337,961</b>	<b>667,310</b>

Explanations of significant variances against budget are detailed in note 19.

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual \$	Notes	2009 Actual \$	2009 Budget \$
1,049,154	Total Crown Equity at beginning of year	265,320	656,778
	RECOGNISED INCOME AND EXPENSES		
(783,834)	Surplus (deficit) after taxation	72,641	10,532
(783,834)	Total recognised income and expenses	72,641	10,532
265,320	Total Crown Equity at end of year	337,961	667,310

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these financial statements.

## CASH FLOWS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual \$	Notes	2009 Actual \$	2009 Budget \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash was provided from (applied to)</i>			
2,586,000	Receipts from crown revenue	4,120,000	3,863,000
39,820	Interest received	7,912	48,000
(3,241,049)	Payments to suppliers and employees	(3,819,946)	(3,749,720)
<b>(615,229)</b>	<b>Net cash flow from operating activities</b>	<b>307,966</b>	<b>161,280</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was provided from (applied to)</i>			
(36,524)	Purchase of property, plant & equipment	(299,145)	–
(23,617)	Purchase of intangible assets	(18,570)	–
		(317,715)	
<b>(60,141)</b>	<b>Net cash flow from investing activities</b>		<b>–</b>
<b>(675,370)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9,749)</b>	<b>161,280</b>
<b>900,209</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>224,839</b>	<b>476,411</b>
<b>224,839</b>	<b>Cash and cash equivalents at end of year</b>	<b>215,090</b>	<b>637,691</b>
<i>Represented by:</i>			
<b>224,839</b>	<b>Cash &amp; cash equivalents</b>	<b>215,090</b>	<b>637,691</b>

The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these financial statements.

# Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2009

---

**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').

The financial statements for the Independent Police Conduct Authority are for the year ended 30 June 2009, and were approved by the Board on 02 November 2009.

---

**BASIS FOR  
PREPARATION**

## **Statement of Compliance**

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **Measurement Base**

The 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 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.

---

STANDARDS,  
AMENDMENTS AND  
INTERPRETATIONS  
ISSUED THAT  
ARE NOT YET  
EFFECTIVE AND  
HAVE NOT BEEN  
EARLY ADOPTED

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as "owner". The revised standard gives the Independent Police Conduct Authority the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Independent Police Conduct Authority intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

## SPECIFIC ACCOUNTING POLICIES

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

### **a) 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.

### **b) 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 Statement of Financial Performance as an expense, in equal instalments over the lease term when the leased items are in use.

### **c) 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.

### **d) 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.

### **e) 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 statement of financial performance.

### *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 statement of financial performance 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

## **f) 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 Authority's 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 rates are used in the calculation of amortisation:

Software	25.0% DV
----------	----------

## **g) 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 statement of financial performance.

## **h) 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.

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## **i) 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.

## **j) Superannuation Schemes**

### *Defined Contribution Schemes*

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of financial performance as incurred.

## **k) Goods and Service 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.

## **l) 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.

## **m) Cash Flow Statement**

The Cash Flow Statement is prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

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, 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.

#### **n) Budget Figures**

The budget figures are those that form part of the Independent Police Conduct Authority 2008/09 Statement of Intent.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Independent Police Conduct Authority for the preparation of the financial statements.

---

#### **CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES**

In the application of NZ IFRS, 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 judgements. Actual results may differ from these estimates.

There are no judgements made by management in the application of NZ IFRS that have significant effects on the financial statements or any estimates of significant risk that would cause material adjustments.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

## 1. REVENUE FROM CROWN

The Independent Police Conduct Authority has been provided with funding from the Crown for the specific purposes of the Independent Police Conduct Authority as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2008: \$nil).

## 2. REMUNERATION TO AUDITORS

	2009 Actual \$	2008 Actual \$
Audit of the financial statements	18,231	18,050
Audit for NZ IFRS translation	–	7,500
	<b>18,231</b>	<b>25,550</b>

## 3. PERSONNEL EXPENSES

	Notes	2009 Actual \$	2008 Actual \$
Salaries and wages		2,707,195	2,110,346
Increase/(decrease) in employee entitlements	9	108,913	58,143
<b>Total Personnel Expenses</b>		<b>2,816,108</b>	<b>2,168,489</b>

During the financial year, five former employees of the Independent Police Conduct Authority received a total of \$47,576 in compensation on termination of employment.

#### 4. CASH AND CASH EQUIVALENTS

	2009 Actual \$	2008 Actual \$
Cash at bank	209,537	45,452
Call account	5,553	85,440
Term deposit	–	93,947
<b>Total Cash and Cash Equivalents</b>	<b>215,090</b>	<b>224,839</b>

Term deposits classed as cash and cash equivalents have an original maturity of three months or less. The carrying values of these term deposits approximate their fair value.

#### 5. DEBTORS AND OTHER RECEIVABLES

	2009 Actual \$	2008 Actual \$
Accrued interest	587	–
Sundry receivables	28,536	–
GST receivable	64,372	37,652
<b>Debtors and other receivables</b>	<b>93,495</b>	<b>37,652</b>

The carrying value of debtors and other receivables approximate their fair value.

#### 6. PROPERTY, PLANT AND EQUIPMENT

	Office equipment \$	Furniture & fittings \$	Leasehold improvements \$	Total \$
<b>COST</b>				
<b>Balance at 1 July 2007</b>	<b>196,281</b>	<b>294,613</b>	<b>160,779</b>	<b>651,673</b>
Additions	31,256	5,268	–	36,524
Sales/transfers	–	–	–	–
<b>Balance at 30 June 2008</b>	<b>227,537</b>	<b>299,881</b>	<b>160,779</b>	<b>688,197</b>
<b>Balance at 1 July 2008</b>	<b>227,537</b>	<b>299,881</b>	<b>160,779</b>	<b>688,197</b>
Additions	153,719	71,416	74,010	299,145
Sales/transfers	–	–	–	–
<b>Balance at 30 June 2009</b>	<b>381,256</b>	<b>371,297</b>	<b>234,789</b>	<b>987,342</b>

continued over...

6. PROPERTY,  
PLANT AND  
EQUIPMENT  
(CONTINUED)

	Office equipment \$	Furniture & fittings \$	Leasehold improvements \$	Total \$
ACCUMULATED DEPRECIATION				
Balance at 1 July 2007	109,125	205,301	90,240	404,666
Depreciation expense	24,999	22,933	17,633	65,565
Sales/transfers	–	–	–	–
Balance at 30 June 2008	134,124	228,234	107,873	470,231
Balance at 1 July 2008	134,124	228,234	107,873	470,231
Depreciation expense	52,277	30,393	20,362	103,032
Sales/transfers	–	–	–	–
Balance at 30 June 2009	186,401	258,627	128,235	573,263
NET CARRYING AMOUNTS				
At 1 July 2007	87,156	89,312	70,539	247,007
At 30 June 2008 & 1 July 2008	93,413	71,647	52,906	217,966
At 30 June 2009	194,855	112,670	106,554	414,079

## 7. INTANGIBLE ASSETS

	<b>Total \$</b>
<b>COST</b>	
<b>Balance at 1 July 2007</b>	<b>66,944</b>
Additions	23,617
Sales/transfers	–
<b>Balance at 30 June 2008</b>	<b>90,561</b>
<b>Balance at 1 July 2008</b>	<b>90,561</b>
Additions	18,570
Sales/transfers	–
<b>Balance at 30 June 2009</b>	<b>109,131</b>
<b>ACCUMULATED AMORTISATION</b>	
<b>Balance at 1 July 2007</b>	<b>35,472</b>
Amortisation expense	11,805
Disposals	–
<b>Balance at 30 June 2008</b>	<b>47,277</b>
<b>Balance at 1 July 2008</b>	<b>47,277</b>
Amortisation expense	14,206
Disposals	–
<b>Balance at 30 June 2009</b>	<b>61,483</b>
<b>NET CARRYING AMOUNT</b>	
<b>At 1 July 2007</b>	<b>31,472</b>
<b>At 30 June 2008 &amp; 1 July 2008</b>	<b>43,284</b>
<b>At 30 June 2009</b>	<b>47,648</b>

## 8. CREDITORS AND OTHER PAYABLES

	<b>2009 Actual \$</b>	<b>2008 Actual \$</b>
Trade creditors	173,509	101,634
Accrued expenses	28,242	35,100
<b>Total creditors and other payables</b>	<b>201,751</b>	<b>136,734</b>

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carry value of trade creditors and other payables approximate their fair value. The Independent Police Conduct Authority has a financial risk management policy in place to ensure that all payables are paid within the credit timeframe.

## 9. EMPLOYEE ENTITLEMENTS

	2009 Actual \$	2008 Actual \$
Accrued salaries and wages	77,220	50,788
Annual leave	153,380	70,899
<b>Total Employee Entitlements</b>	<b>230,600</b>	<b>121,687</b>

## 10. FINANCIAL INSTRUMENTS

### Categories of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	2009 Actual \$	2008 Actual \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	215,090	224,839
Debtors and other receivables	93,495	37,652
<b>Total financial assets</b>	<b>308,585</b>	<b>262,491</b>
<b>FINANCIAL LIABILITIES</b>		
Creditors and other payables	201,751	136,734
<b>Total financial liabilities</b>	<b>201,751</b>	<b>136,734</b>

### Financial Risk Management Objectives

The Independent Police Conduct Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of derivatives is governed by the Independent Police Conduct Authority's policies approved by the Board, which provide written principles on the



use of financial derivatives. The Independent Police Conduct Authority's activities expose it primarily to the financial risks of changes in interest rates.

### *Interest Rate Risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Independent Police Conduct Authority is exposed to fair value and cash flow interest rate risk as it has cash on call at floating interest rates. The Independent Police Conduct Authority manages its interest risk by investing in on-call and short-term deposits with high credit-rated financial institutions.

The following table details the Independent Police Conduct Authority's exposure to interest rate risk as at 30 June 2009.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non interest bearing \$	Total \$
<b>FINANCIAL ASSETS:</b>				
<b>Cash and cash equivalents</b>				
– Cash at bank	0.25	209,537	–	209,537
– Call account	0.50	5,553	–	5,553
<b>Debtors and other receivables</b>	–	–	93,495	93,495
<b>Total financial assets</b>		<b>215,090</b>	<b>93,495</b>	<b>308,585</b>
<b>FINANCIAL LIABILITIES:</b>				
Creditors and other payables	–	–	201,751	201,751
<b>Total financial liabilities</b>		<b>–</b>	<b>201,751</b>	<b>201,751</b>

## 10. FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the Independent Police Conduct Authority's exposure to interest rate risk as at 30 June 2008.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non interest bearing \$	Total \$
<b>FINANCIAL ASSETS:</b>				
<b>Cash and cash equivalents</b>				
– Cash at bank	0.25	45,452	–	45,452
– Call account	3.85	85,440	–	85,440
– Term deposit	8.20	93,947	–	93,947
<b>Debtors and other receivables</b>	–	–	37,652	37,652
<b>Total financial assets</b>		<b>224,839</b>	<b>37,652</b>	<b>262,491</b>
<b>FINANCIAL LIABILITIES:</b>				
Creditors and other payables	–	–	136,734	136,734
<b>Total financial liabilities</b>		<b>–</b>	<b>136,734</b>	<b>136,734</b>

### *Credit Risk Management*

Credit risk is the risk that a third party will default on its obligation to the Independent Police Conduct Authority, causing the Independent Police Conduct Authority to incur a loss.

Financial instruments which potentially subject the entity to credit risk principally consist of bank balances. The Independent Police Conduct Authority does not extend credit and places its cash with high credit quality financial institutions.

Maximum exposures to credit risk at reporting date are:

	2009 Actual \$	2008 Actual \$
Cash and cash equivalents	215,090	224,839
Debtors and other receivables	93,495	37,652
	<b>308,585</b>	<b>262,491</b>

No collateral is held on the above amounts. There is no maturity date on the cash at bank and call accounts as these represent cash held in transactional and cash management accounts. The term deposit has a rolling maturity of 30 days. The credit risk is also minimised as the deposits are subject to the provisions of the Government's deposit guarantee scheme that expires in October 2010.

### *Fair Value of Financial Instruments*

The Authority considers that the carrying amount of assets and financial liabilities recorded in the financial statements approximates their fair values.

### *Liquidity Risk*

Liquidity risk is the risk that the Independent Police Conduct Authority will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Independent Police Conduct Authority aims to maintain flexibility in funding by keeping committed credit lines available.

All of the Independent Police Conduct Authority's commitments owing at balance date, comprising trade and other payables, have a contractual maturity of less than six months (2008: maturity also less than six months). The Independent Police Conduct Authority has sufficient cash on hand to meet these commitments as they fall due.

### *Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Independent Police Conduct Authority is not subject to currency risk as it does not participate in any such financial instruments.

## 11. CAPITAL MANAGEMENT

The Independent Police Conduct Authority's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The Independent Police Conduct Authority is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Independent Police Conduct Authority manages its equity as a by-product of prudently managing income, expenses, assets, liabilities, investments, and general financial dealings to ensure the Independent Police Conduct Authority effectively achieves its objectives and purpose, whilst remaining a going concern.

## 12. RECONCILIATION OF NET SURPLUS/ (DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

		2009 Actual \$	2008 Actual \$
<b>Net surplus/(deficit) for the year</b>		<b>72,641</b>	<b>(783,834)</b>
<b>NON CASH ITEMS:</b>			
Amortisation	7	14,206	11,805
Depreciation	6	103,032	65,565
Loss on fixed assets written off		–	–
		<b>117,238</b>	<b>77,370</b>
<b>MOVEMENTS IN WORKING CAPITAL:</b>			
(Increase)/decrease in GST		(26,720)	(14,092)
(Increase)/decrease in receivables		(28,536)	–
(Increase)/decrease in accrued interest		(587)	–
(Decrease)/increase in creditors and other payables		65,017	47,184
(Decrease)/increase in employee entitlements		108,913	58,143
		<b>118,087</b>	<b>91,235</b>
<b>Net cash flow from operating activities</b>		<b>307,966</b>	<b>(615,229)</b>

### 13. EMPLOYEE REMUNERATION

Remuneration and other benefits of \$100,000 per annum or more received by employees in their capacity as employees were:

	2009 Actual \$	2008 Actual \$
\$100,000 – \$109,999	2	0
\$110,000 – \$119,999	2	1
\$140,000 – \$149,999	0	1
\$150,000 – \$159,999	1	0
\$200,000 – \$209,999	1	0
\$260,000 – \$269,999	1	0

### 14. RELATED PARTY TRANSACTIONS

The Independent Police Conduct Authority is a wholly owned entity of the Crown. The Government significantly influences the role of the Independent Police Conduct Authority as well as being its major source of revenue.

The Independent Police Conduct Authority has entered into a number of transactions with government departments, Crown agencies, and state-owned entities on an arm's length basis and in the course of their normal dealings.

Where those parties are acting in the course of their normal dealings with the Independent Police Conduct Authority and the transaction are at arms length, related party disclosures have not been made for transactions of this nature.

During the period, the Independent Police Conduct Authority received \$4,120,000 (2008: \$2,586,000) of funding from the Crown. There was no balance outstanding as at 30 June 2009 (2008: \$nil).

A close family member of a member of key management personnel was employed at the Authority. During the period there was one cessation payment of \$4,500 made to a close family member of key management personnel (2008: nil). The terms and conditions of that arrangement were no more favourable than the Authority would have adopted if there had been no relationship to the key management personnel.

An amount of \$13,963 (net of PAYE) relating to a salary over-payment was owing from a member of the key management personnel at 30 June 2009 (2008: nil). This resulted from a payroll error and the amount was promptly repaid.

## 15. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the Authority (Chair and two board members, all full-time) and the Chief Executive, being the key management personnel of the Independent Police Conduct Authority, is set out below:

	2009 Actual \$	2008 Actual \$
Short-term employee benefits	925,981	646,108
Post-employment benefits	–	–
Other long-term employee benefits	–	–
Termination benefits	–	–
Share-based payment	–	–
<b>Total Compensation</b>	<b>925,981</b>	<b>646,108</b>

The structure of senior management changed during the year as in October 2008, the Authority became fully constituted as a Board with a chair and two board members. The senior management from this time therefore comprised the Authority and the Chief Executive.

## 16. COMMITMENTS (i) Capital Commitments

There are no capital commitments at reporting date (2008: nil).

### (ii) Operating Lease Commitments

Operating leases relate to the lease with 342 Lambton Quay Limited for the building accommodation at 342 Lambton Quay, Wellington.

The lease term is for a period of six years, with rights of renewal at 18 February 2015, at the same or lesser price. The Independent Police Conduct Authority does not have the option to purchase the leased asset at the expiry of the lease period.

	2009 Actual \$	2008 Actual \$
Less than one year	302,316	133,865
Between one and two years	302,316	–
Between two and five years	906,948	–
Later than five years	201,544	–
<b>Total operating lease commitments</b>	<b>1,713,124</b>	<b>133,865</b>

---

**17. CONTINGENT  
LIABILITIES**


---

There are no contingent liabilities at reporting date (2008: \$nil).

---

**18. SUBSEQUENT  
EVENTS**

There are no events subsequent to reporting date, that the Authority is aware of, that would have a material impact on the financial statements for the period ended 30 June 2009 (2008: Nil).

---

**19. MAJOR BUDGET  
VARIANCES**
**Statement of Financial Performance**

**Revenue from Crown:** Increased Government appropriation for capital expenditure unconfirmed at budget setting.

**Interest Received:** Reduction reflects effects of recession on interest rates.

**Depreciation and Amortisation:** Amortisation was included in the budget for depreciation.

**Personnel:** As new permanent positions were finalised and filled, the originally anticipated levels of contract assistance did not eventuate. With the extensive changes that the Authority was undergoing it was difficult to predict personnel costs with any high level of precision.

**Professional Fees:** The Budget set reflected an over optimistic projection but improved internal systems will ensure more accurate projections in the future.

**Services & Supplies:** Budget was underestimated in terms of the growth of the organisation in this period particularly in the IT support area.

**Subscriptions:** Unbudgeted costs associated with media monitoring services.

**Travel & Accommodation:** Travel needs are dictated by origins of the complaints (very difficult to predict) and number of investigators available (investigation team has been increased to 9). These two factors make it difficult to budget accurately.

19. MAJOR BUDGET  
VARIANCES  
(CONTINUED)

**Statement of Financial Position**

**Cash and Cash Equivalents:** Reflects increased pressure of operational costs.

**Debtors and Other Receivables:** These extraordinary items could not be predicted at budget time.

**Property Plant and Equipment:** Subsequent to the budget, additional office space was acquired incurring fitout costs, additional furniture and office equipment.

**Intangible Assets:** These were included in the budget for property, plant and equipment.

**Creditors and Other Payables:** These extraordinary items could not be predicted at budget time.

**Employee Entitlements:** These items were regrettably overlooked in the budget setting. Upgraded accounting systems will ensure that these items will be adequately budgeted in the future.



# Statement of Responsibility

In the financial year ended on 30 June 2009, the management of the Independent Police Conduct Authority was responsible for:

- the preparation of the annual financial statements, the statement of service performance and for the judgements used therein;
- establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the Authority's financial reporting.

In the opinion of the management of the Independent Police Conduct Authority, the financial statements and the statement of service performance for the financial year fairly reflect the financial position and operations of the Authority.



**The Hon. Justice Lowell P. Goddard**

CHAIR  
INDEPENDENT POLICE  
CONDUCT AUTHORITY

2 NOVEMBER 2009



**Allan Galbraith**

BOARD MEMBER  
INDEPENDENT POLICE  
CONDUCT AUTHORITY

2 NOVEMBER 2009

# Audit Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

*TO THE READERS OF THE  
INDEPENDENT POLICE  
CONDUCT AUTHORITY'S  
FINANCIAL STATEMENTS  
AND STATEMENT OF  
SERVICE PERFORMANCE  
FOR THE YEAR ENDED  
30 JUNE 2009.*

The Auditor-General is the auditor of the Independent Police Conduct Authority (the Authority). The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the financial statements and statement of service performance included in the annual report of the Authority for the year ended 30 June 2009.

## Unqualified Opinion

In our opinion:

- The financial statements of the Authority on pages 30 to 54:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - » the Authority's financial position as at 30 June 2009; and
    - » the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Authority on pages 24 to 29:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:

- » its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
- » its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 2 November 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

### **Basis of Opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Board and the Auditor**

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Authority as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Authority's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

### Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Authority.



Clare Helm

AUDIT NEW ZEALAND

ON BEHALF OF THE AUDITOR-GENERAL  
WELLINGTON, NEW ZEALAND



This document was printed on Colotech + which is manufactured from Elemental Chlorine Free (ECF) pulp and is harvested from sustainably managed plantations with Forest Stewardship Approval (FSC). The mill is accredited with ISO 14001 and ISO 9002 ensuring an environmentally friendly quality paper. Colotech + also qualifies for ISO 9706 and is acid free, allowing document storage for up to 200 years.





IPCA  
Level 8  
342 Lambton Quay  
PO Box 5025,  
Wellington 6145  
Aotearoa New Zealand

0800 503 728  
P +64 4 499 2050  
F +64 4 499 2053  
[www.ipca.govt.nz](http://www.ipca.govt.nz)