

Introduction

This Statement of Intent is the first to be issued by the Police Complaints Authority and has been produced in accordance with section 139 of the Crown Entities Act 2004. The Statement of Intent relates to the activities and strategic direction of the Police Complaints Authority over the period from 1 July 2006 to 30 June 2009.

The Crown Entities Act 2004 has formalised a broader context of engagement between the Police Complaints Authority (PCA) and the Government, and is expected to lead to improved visibility of the current and intended activities of the PCA and continued close alignment of these activities with Government policy.

It is the Government's clear intention that the PCA, as an Independent Crown Entity (ICE) under the Crown Entities Act, should continue to have the capability to carry out independent investigations into Police actions, procedures and policies as provided for by the Police Complaints Authority Act 1988.

It is worth noting that following on from a Review of the PCA by Sir Rodney Gallen in 2000, a Bill is currently before Parliament that, once enacted, will strengthen our capacity to perform this work.

We look forward to the work ahead of us.

Judge I A Borrin
Police Complaints Authority

28 June 2006

The Strategic Context

Vision Statement

VISION: TRUSTED AND TRUSTWORTHY POLICE

Mission Statement

MISSION: PROMOTE PUBLIC CONFIDENCE IN THE POLICE THROUGH THE INVESTIGATION OF THE APPROPRIATENESS OF POLICE ACTIONS, PROCEDURES AND POLICIES AND THE MAKING OF RECOMMENDATIONS.

Purpose

This Statement of Intent is the first produced by the Police Complaints Authority. It has been prepared in order to set out the strategic direction and operating intentions of the Police Complaints Authority for the three-year period of 2006 to 2009.

The Crown Entities Act 2004 requires all Crown entities from financial years beginning on 1 July 2006 to produce annual Statements of Intent in addition to an Annual Report. Both the Statement of Intent and the Annual Report are provided to the Ministers responsible for each Crown entity and are tabled in the House of Representatives for scrutiny and accountability purposes.

This Statement of Intent is also expected to facilitate communication and engagement between the Police Complaints Authority and the Government and other interested stakeholders, and to assist the allocation of resources to meet Government and public expectations of the Police Complaints Authority.

OPERATING ENVIRONMENT

Legislative context

The Police Complaints Authority was established in 1989 following passage of the Police Complaints Authority Act 1988. This Act, together with the State Sector Act 1988, provided the initial legislative basis for the establishment, governance and operation of the Police Complaints Authority.

In the wider government context, the Public Finance Act 1989 and the Fiscal Responsibility Act 1994 also set out the basis for quality and transparent fiscal management and decision-making by Government.

The Public Finance Act 1989 specified the processes for allocating and managing public money, and how the Crown, government departments and Crown entities are to report to Parliament on their intentions and results. Similarly, the Fiscal Responsibility Act 1994 placed obligations on Government to be transparent about its intentions and the short and long-term impact of its fiscal decisions, with

the aim of maintaining fiscal sustainability and increased predictability of New Zealand's fiscal environment.

In late 2004, the passage of the Public Finance (State Sector Management) Bill resulted in the following Acts:

- Public Finance Amendment Act 2004;
- State Sector Amendment Act (No 2) 2004;
- Crown Entities Act 2004; and
- State-Owned Enterprises Amendment Act 2004.

Key aspects of these legislative changes of relevance to Crown entities are that they provide for:

- Greater flexibility and accountability regarding the management of public finances;
- An emphasis and stronger leadership on values and standards in the State sector, and improved integration and capability development between and within State sector agencies; and
- Improved entity governance and accountability and closer alignment between the objectives of the Crown entities and those of the Government under the new Crown Entities Act 2004.

The Crown Entities Act 2004, which came into force in January 2005, includes a transitional provision to allow for changes in Crown entity and government agency planning and reporting to be made prior to full implementation on 1 July 2006.

The Police Complaints Authority is an Independent Crown Entity listed in Schedule 1 of the Crown Entities Act 2004. The Crown Entities Act contains specific provisions relating to Independent Crown Entities, and as an Independent Crown Entity, the Police Complaints Authority is independently governed and operated, and funded through Vote: Justice under Non-Departmental Output Class (NDOC) agreements.

Appointments to the Police Complaints Authority are made by the Governor General on the recommendation of the House of Representatives.

All reporting activities carried out by the Police Complaints Authority are carried out in accordance with the relevant statutory provisions.

From 1 July 2006 all Crown entities (including Independent Crown Entities) are required to publish and present to the Government a Statement of Intent that covers a period of not less than three years into the future, in addition to

undertaking the standard reporting on the entity's annual financial and non-financial performance. This Statement of Intent meets this new requirement.

Operational Issues

The model that been adopted for the establishment and operation of the PCA in New Zealand is one in which the PCA performs an Ombudsman-like function, in that citizens can take complaints to the PCA for investigation and resolution. The PCA can also initiate investigations and produce reports of its own accord in some circumstances. The PCA does not however have the same level of operational self-reliance as an Ombudsman, as it is more often than not reliant on assistance from Police in the investigation of complaints.

The goal of the services that the PCA delivers is to give the public a justified assurance that actions, procedures and policies of Police are as they ought to be, or that if they are not, that appropriate measures will be taken to ensure that inappropriate actions, procedures or policies will be corrected in a timely manner. Any involvement of the Police in PCA processes therefore has the potential to be seen by the public as a possible conflict of interest, and to diminish the perceived independence of the PCA.

It is important to point out that the issue of perceived independence is different to the issue of actual statutory and operational independence. Actual independence and impartiality are fundamental to the purpose of the PCA, as the PCA provides the means by which the actions, procedures and policies of Police are found and seen to be appropriate, or not, as the case may be. These judgements need to be made in an impartial way based on impartially acquired evidence. The seriousness with which we take this responsibility on behalf of everyone who comes in contact with or who is affected by Police actions, procedures and policies cannot be overstated.

Actual independence and the associated ability to resist any undue influence that could arise from the Police, the Government, or any other organisation or individual, is therefore a key pre-requisite and key objective for the PCA to continue to pursue through the implementation of this Statement of Intent. The achievement of this key objective, however, is a necessary but not sufficient requirement of the PCA. A high level of perceived independence is also required for the work of the PCA to be appropriately valued by the public, and translated, where supported by PCA findings, into high levels of public confidence in the Police.

Another aspect of PCA work that understandably attracts public interest is the need to resolve complaints in a timely manner. The 2003 Annual Report notes that the timely disposal of complaints is a difficult issue, and one that is not under the exclusive control of the PCA. This continues to be the case today. Accordingly, the objective to satisfactorily resolve complaints in a timely manner also takes prominence in the strategic planning behind this Statement of Intent.

Review of the PCA

In 2000, following a number of situations involving Police that gained public attention, the Minister of Justice requested that a Review of the Police Complaints Authority be undertaken. The purpose of the Review was to consider the role of the PCA since its establishment, with particular regard to the Authority's strengths and achievements, weaknesses, the relationships between the Authority and Ministers, Police and the Government, and to any improvements that could be made.

The review was carried out by Sir Rodney Gallen, a retired High Court Judge, and was based heavily on submissions sought, but also on interviews with stakeholders and former Police Complaints Authorities, and on the experiences of Police Complaints Authorities in other countries. Submissions dealt mainly with the question of whether the Police Complaints Authority should have an independent investigative capacity in relation to serious complaints and incidents, and to what degree, if at all, the functions of the Authority should be carried out in private and secrecy.

The Gallen Report made a number of recommendations that have informed and influenced the ongoing functioning of the PCA. One of the most significant changes recommended in the Gallen Report is that the PCA should be provided with resources for the acquisition of an investigative capability that is independent of the Police. This capability, along with other minor operational changes, was established soon after the Gallen Report was presented to the Government. With regards to the issue of secrecy of material gained from investigations, the Report recommended that the existing requirement of secrecy should remain, subject to the existing discretion of the Authority to disclose material where considered appropriate in the public interest.

In addition to operational changes that could be implemented without legislative amendments, the Gallen Report and subsequent considerations by the PCA and the Ministry of Justice of PCA operations have resulted in a Bill that is currently before Parliament. The Bill proposes amendments to the Police Complaints Authority Act and to other related Acts, and includes a recommended increase in the membership of the Authority.

For the purposes of this Statement of Intent, and following consultation with the Ministry of Justice, it is considered reasonable to assume that all of the above legislative changes will be made within the period covered by this Statement of Intent.

The PCA will maintain close engagement with the Ministry of Justice during this time, and so we expect that the implications for the PCA of any variations to these legislative proposals will be able to be managed appropriately. Nevertheless, we acknowledge that there is some residual risk that the Bill may have legislative and operational implications for the PCA that have not been accounted for in this Statement of Intent. Such issues will be addressed, should they arise, in subsequent Statements of Intent.

Interests of PCA Stakeholders

All individuals or organisations that come into contact with or are affected by Police actions, procedures and policies have a vested interest or stake in the scope and nature of PCA operations. As the 'Responsible Minister' and the public's representative however, the Minister of Justice is the primary stakeholder of the PCA.

The PCA is an Independent Crown Entity (ICE), and Section 7 (1) (a) of the Crown Entities Act notes that ICEs are generally independent of government policy. The 'independent' status however, refers more to whether Ministers can direct an entity to implement specific policies rather than the degree to which the entity's activities should be consistent with government policy.

Specifically, the work of the PCA is reported against Non-Departmental Output Class (NDOC) undertakings negotiated between the Authority and the Minister on an annual basis. These Output Classes are expected to align with relevant government policy, and to assist in achieving this alignment, a Memorandum of Understanding (MoU) between the Minister of Justice and the Authority is negotiated and agreed prior to each financial year.

The MoU sets the context of the relationship and engagement with the Ministry of Justice and is considered by the Ministry during the annual budget appropriations of Vote: Justice. From 1 July 2006, Statements of Intent also assist in achieving this alignment.

The Ministry of Justice therefore is also a key stakeholder of the PCA, as it advises the Minister and undertakes engagement with the PCA on behalf of the Minister in accordance with the Memorandum of Understanding, and conducts the annual Budget process. In addition, the Government itself is also a key PCA stakeholder.

The Police themselves are also clearly key stakeholders of the PCA, and it is currently their publicly stated intention to ensure that by 2011 the New Zealand Police is recognised as the best in the world. A critical part of achieving and maintaining this perception relies on public access to an independent means for the investigation of complaints and incidents giving rise to issues relating to their actions, procedures and policies.

The functions of the PCA are critically important to the realisation of this goal, and so it should be recognised that the independent examination provided by the PCA of the appropriateness of Police actions, procedures and policies is as important to the Police as it is to the public of New Zealand. So too, obviously, are these actions, procedures and policies themselves.

The vision in the Police 2005/06 Statement of Intent of "Safer Communities Together" is based on the Justice Sector Outcomes of: "Safer Communities" and "A Fairer, More Credible and More Effective Justice System". The Police

2005/06 Statement of Intent notes “Police integrity is vital for maintaining citizen confidence in policing and the rule of law”, and goes on to recognise that:

“Public support and confidence in Police is vital to the maintenance of the rule of law and public support for the justice system. To maintain this support and confidence, Police must maintain the highest behavioural and attitudinal standards. Police behaviours that are unacceptable will be treated very seriously.

Maintenance of an investigative capability to undertake complaints against Police on behalf of the independent Police Complaints Authority is critical.”

In addition to the statutory jurisdiction of the PCA, there is in force a Memorandum of Understanding between it and the Police providing for matters of serious misconduct or neglect of duty which are internally reported within the Police to be notified to the PCA and then to be dealt with by the PCA as if they are complaints.

The procedures to be followed when both the PCA’s own investigators and the Police are investigating a matter are provided for by a protocol for co-operation entered into between the two organisations.

Our Independence

As with all government agencies, the purpose and function of the PCA is to serve the people of New Zealand. The PCA is New Zealand’s only organisation outside of the Police with responsibility for establishing whether the actions, procedures and policies of the Police are appropriate. Accordingly, it is critically important that our work is seen to be independent of the functions of the Police.

The PCA therefore has a significant responsibility to ensure that the public are provided with the reassurance that they require for establishing and maintaining a high level of confidence in the services provided by the Police.

A perception seems to be held by some in the public that the Police Complaints Authority is either part of or works on behalf of the New Zealand Police. This has never been the case. The Police also have no role in the appointment of PCA personnel or in PCA governance.

WHAT WE INTEND TO ACHIEVE

The long term Vision of the PCA is that its existence and activities will play a significant role in New Zealand being served by Police who are both trustworthy and trusted.

VISION: TRUSTED AND TRUSTWORTHY POLICE

To achieve this Vision, the PCA investigates the appropriateness of Police actions, procedures and policies in accordance with the Police Complaints Authority Act 1988 and operational agreements between it and the Commissioner of Police and between it and the Minister of Justice, and makes recommendations for changes as required to establish and maintain justified public confidence in the Police.

The PCA Mission is therefore:

MISSION: PROMOTE PUBLIC CONFIDENCE IN THE POLICE THROUGH THE INVESTIGATION OF THE APPROPRIATENESS OF POLICE ACTIONS, PROCEDURES AND POLICIES AND THE MAKING OF RECOMMENDATIONS.

The intended consequence or goal of the work of the PCA is a high level of public confidence in the New Zealand Police that is justified by Police actions, procedures and policies. This long term goal is underpinned by several Intermediate Outcomes that the PCA aims to achieve while working towards this overarching strategic objective. These two levels of Outcome, together with the specific annual Outputs that the PCA undertakes to produce, describe the activities and interests of the PCA.

Two aspects of PCA work which will be emphasised during the term of this Statement of Intent are the need to resolve complaints in a timely manner, and the need to be seen by the public to be operating as an independent entity free from undue influence from or conflicts of interest with external individuals or organisations. We intend to work closely with the Ministry of Justice over the coming year to build on existing performance measures for these Outputs, as part of the annual purchase agreement process.

The PCA will also continue to work closely with the Ministry of Justice to ensure the alignment of PCA long-term objectives with government policy and existing legislation, and will adhere to the operating provisions as they are agreed between the Authority and the Minister of Justice for each financial year during the term of this Statement of Intent.

The Outcomes and Outputs we will pursue

The Crown Entities Act 2004 requires all Crown entities to plan for and report on functions that they intend to fulfil and activities that they intend to undertake, by publishing a Statement of Intent in addition to reporting on activities already undertaken, as set out in their Annual Report and quarterly reports.

Our intended overall outcome is the achievement of a high level of public confidence in the New Zealand Police that is justified by Police actions, procedures and policies. We intend to achieve this by meeting the objectives specified as outputs in the Memorandum of Understanding with the Minister of Justice.

Outputs

The outputs (objectives) of the PCA during the period covered by this Statement of Intent are expressed as four Sub-Outputs as follows:

Sub-Output One: Receive complaints

This objective concerns the receipt of complaints about any Police action, procedure or policy. Complaints are received by the PCA in accordance with the provisions of the Police Complaints Authority Act 1988, and may relate to:

Alleged misconduct or neglect of duty by any member of the Police; or

Any practice, policy or procedure of the Police affecting the person or body of persons making the complaint in a personal capacity.

Such complaints are either received direct from the public or referred to the PCA from either the Commissioner of Police or other sources as provided for in the Police Complaints Authority Act. Once received, they are assessed for action in a timely manner and the Commissioner of Police and the complainant are advised of the course of action proposed by the PCA.

Sub-Output Two: Investigate incidents involving death or serious bodily harm as a result of Police activity

The PCA will investigate incidents in accordance with Section 12 (1) (b) of the Police Complaints Authority Act 1988.

Specifically, the PCA will

“...investigate of its own motion, where it is satisfied that there are reasonable grounds to carry out an investigation in the public interest, any incident involving death or serious bodily harm notified to the Authority by the Commissioner...”

Sub-Output Three: Investigate and resolve matters

The PCA will continue to investigate and resolve matters referred to it by the Commissioner of Police in accordance with relevant provisions of the Police Complaints Authority Act 1988 and the Memorandum of Understanding between the Authority and the Commissioner of Police.

Sub-Output Four: Take action

In accordance with the provisions of the Police Complaints Authority Act 1988 the PCA will continue to take such action in respect of complaints, incidents, and other matters as is contemplated by the Act.

These actions include but are not be limited to:

Investigating a complaint, irrespective of whether Police have commenced an investigation;

Deferring action until after a report on a Police investigation has been received;

Overseeing an investigation being carried out by Police and directing the Police in relation to the investigation;

Reviewing a Police investigation of a complaint;

Directing the Police to re-open an investigation or reconsider their proposals for action on a complaint;

Deciding not take any action; or

Making recommendations to the Commissioner of Police.

In accordance with Section 34 of the Police Complaints Authority Act, the PCA may also, from time to time during the term of this Statement of Intent, publish reports relating to either the general exercise of its functions under the Act or any particular case or cases in relation to which it has exercised its functions under the Act. These reports will be published if they are in the public interest or in the interest of any person to do so, and will be subject to the provisions of the Act in relation to such publication.

Intermediate Outcomes

We expect that the consistent achievement of each of our outputs will result in the following Intermediate Outcomes:

Intermediate Outcome One: Independent fair consideration

The PCA will continue to act independently of any undue influence from individuals or organisations, and its consideration of complaints, incidents and other matters within its jurisdiction will continue to be fair.

Our capacity to conduct and review investigations, whether or not Police are already carrying out an investigation, will also continue to be applied to these objectives.

Intermediate Outcome Two: Thorough objective investigation

The PCA will continue to place a strong emphasis on identifying the most appropriate approach for the investigation of each complaint or incident within its jurisdiction, and on ensuring that those investigations are carried out professionally and thoroughly, whether by the Police or PCA investigators.

As part of our ongoing quality assurance practices, we will work with the Police to ensure that all complaints and incidents are assigned to the most appropriate investigation staff and that sufficient oversight of the investigations is maintained to ensure that the complaint or incident is investigated fully and impartially.

Intermediate Outcome Three: Timely appropriate resolution

The PCA continues to place a high priority on achieving the resolution of complaints in a timely and appropriate manner, and we acknowledge the difficulties often faced in resolving complaints in the time frame that might reasonably be expected of us.

Several timeliness performance measures have recently been introduced into our reporting regime and we encourage the resolution of complaints through conciliation in preference to more time-consuming processes wherever appropriate. In addition, the progress of all investigations is monitored to ensure, to the maximum extent that our resources allow, timely completion and appropriate notification of progress to those involved.

Intermediate Outcome Four: Acceptable outcomes reached

In addition to timeliness, an issue that is understandably very important to complainants and to the public in general, is the need to take appropriate action in response to complaints, incidents and other matters of interest once investigations have been completed and conclusions reached.

The PCA has a number of options open to it for satisfactorily resolving complaints, ranging from the making of recommendations to the Commissioner of Police in relation to the complaint, incident or matter, to the provision of reports to Government if considered appropriate. In every instance, the PCA will consider the interests of the public and of all persons affected by the proposed intervention, and choose the most appropriate course of action for the circumstances.

End Outcome: Justified public confidence in the Police

We expect that by meeting the Output and Sub-Outputs required of us by statute, and as set out in our Memorandum of Understanding with the Minister of Justice, the Intermediate Outcomes described above will be achieved. The strategic

intention behind these activities relates to the resulting environment in which the public's interaction with Police occurs and is perceived (the End Outcome).

The End Outcome that we will strive towards during the term of this Statement of Intent is therefore a high level of public confidence in the Police that is justified by Police actions, procedures and policies, that is, that Police actions, procedures and policies are such that they justify the confidence placed in them. This End Outcome also relates closely to our vision of 'Trusted and trustworthy Police'.

Clearly the public's perception of the appropriateness of Police actions, procedures and policies is determined by more than the work of the PCA. Nevertheless, the PCA plays an important part in providing an assurance that situations or events relating to Police actions, procedures or policies that might be considered inappropriate will be investigated when drawn to our attention.

Our Capability

Unlike many entities that may have a significant capital asset component to the achievement of their Output, our work is almost entirely achieved through the application of human resources.

Much of the work carried out by or on behalf of the PCA is also specialist in nature, and requires a high-level of knowledge of Police operations in addition to investigative skills. This specialist knowledge and skill set is scarce, and so the PCA has a limited pool of potential employees within New Zealand to draw on. In addition, the work of the PCA is also often complex and sensitive in nature, placing further constraints on our ability to attract appropriately qualified personnel.

Accordingly, one of the biggest challenges we currently face is the need to match our capability to the expectations held of us.

There has been no significant reduction in the number of issues requiring PCA attention, and the workload on PCA staff has continued to increase. Indeed, the increasing ease with which the actions of Police are becoming visible to the community as a whole suggests that the rate of increase in workload may itself increase in the future.

During the period covered by this Statement of Intent we will therefore continue to look for ways – possibly through increased staffing, of best meeting the mix of roles that we carry out. In April 2006 a funding injection of \$0.25 M excluding GST was received from the Government for this purpose. An additional sum of \$0.55 M has also been scheduled for payment during FY2006/07 to allow a current accumulation of complaints to be resolved.

Capability Risk

The PCA currently has some investigative capacity, but most investigation activity that is currently undertaken in pursuit of PCA enquiries is undertaken by the Police on behalf of the PCA. Although this arrangement may appear to some to reduce our independence, there are many effective safeguards in place to ensure that this independence is not compromised.

These safeguards include ensuring that investigations carried out by the Police are managed by the Police Professional Standards Section - a separate section within the Police that oversees their investigations conducted on our behalf.

Accordingly, our reliance on our own human capital and on the services provided by the Police makes us vulnerable to any variation in the availability of those resources. This issue is a particularly important consideration with respect to our staffing levels which, being a small organisation, makes us susceptible to considerable reductions in overall capability if only one or two staff were to resign or to take leave other than for short periods of time. The difficulty faced in finding suitably experienced replacement staff in a reasonable time frame only increases this capability risk. A clear priority for the coming three years is therefore to continue to build and optimise our operational capacity to carry out the tasks required of us.

Funding and administration:

The PCA is funded by Vote: Justice and is administered by the Ministry of Justice in accordance with the Crown Entities Act 2004. The Crown Entities Act 2004 has expanded the planning and reporting requirements of Crown entities.

The new reporting requirements, which come into effect on 1 July 2006, place a greater emphasis than in the past on strategic planning and reporting on planned rather than completed activities via the Statement of Intent. This Statement of Intent meets this requirement.

Forecast service performance and financial statements for the financial year 2006/07 are presented in the next part of this Statement of Intent.

STATEMENT OF RESPONSIBILITY

The management personnel of the Authority are responsible for the preparation of the Statement of Intent and Forecast Financial Statements, including the assumption on which the Forecast Financial Statements are based. The Statement of Intent outlines for Parliament the performance the Authority has agreed with the Minister to deliver.

The assumption underlying the Forecast Financial Statements is that government funding will not change for the year ending June 2007.

The Forecast Financial Statements have been developed for the purpose of tabling the Authority's intentions in Parliament and should not be relied upon by any other party for any alternative purpose without the express written permission of the Authority. Actual results may be different from the Forecast Financial Statements and the variation may be material.

The Forecast Financial Statements have been prepared in accordance with FRS-42.

Judge I A Borrin
Police Complaints Authority

28 June 2006

Forecast Service Performance and Financial Statements

Forecast Service Performance

OUTPUT

The principal function of the Authority is to investigate complaints alleging misconduct or neglect of duty by the Police or concerning any practice, policy or procedure of the Police affecting the complainant in a personal capacity; to investigate incidents involving death or serious bodily harm arising as a result of Police actions; and to investigate matters referred to the Authority by the Commissioner of Police, pursuant to a Memorandum executed by them, of serious misconduct or neglect of duty which are to be treated by the Authority as if they are complaints.

Quantity

Projected number of matters received:	3500
Projected number of matters processed:	3000

Quality

Complaints processed to documented internal standards.
Maintain appropriate quality investigation management programmes.
Ensure all correspondence is signed by the Authority.

Timeliness

Acknowledge receipt of complaints and notification of incidents within one working day of receipt.

Ensure all complaints and incidents are assigned for investigation within three working days of their receipt or notification.

Monitor all investigations to ensure timely completion and ensure that 90% of files relating to completed investigations are disposed of within 180 days of receipt of those files by the Authority.

Independent Investigative Capability

The Authority has established a team capable of investigating major incidents such as those involving death or serious bodily harm arising as a result of Police actions.

The Authority will report, in the usual way four-monthly, on the progress and development of its independent investigative capability.

Forecast Financial Statements

Police Complaints Authority

Forecast Statement of Financial Performance For the year ended 30 June 2007

		Quarterly
INCOME		
Government Grant	473,333	118,333
Authority/Deputy Authority Salary	475,000	118,750
Govt Grant (investigative)	636,667	159,167
Govt Grant 06-07	550,000	137,500
Govt Grant (operating adjustment)	150,000	37,500
Interest	20,000	5,000
Sale of reports/sundry income	100	25
	2,305,100	576,275
Less EXPENDITURE		
Audit Fee	9,894	2,474
Postage	4,500	1,125
Telephone	30,500	7,625
Depreciation	95,000	23,750
ACC	5,000	1,250
Personnel	1,164,200	291,050
Personnel-Authority Members	494,500	123,625
Printing & Stationery	22,000	5,500
Professional Fees	100,000	25,000
Accounting fees	5,000	1,250
HR Expenses	30,000	7,500
Rent	202,000	50,500
Bank Charges	1,000	250
Cleaning	16,000	4,000

Computer expenses	40,000	10,000
General Expenses	15,000	3,750
Insurance	7,000	1,750
Power and Light	10,000	2,500
Repairs and Maintenance	12,000	3,000
Subscriptions	4,500	1,125
Travel & Accommodation	40,000	10,000
Total Expenditure	<u>2,308,094</u>	<u>577,024</u>
Deficit	<u>\$ (2,994)</u>	<u>\$(750)</u>

Police Complaints Authority**Forecast Statement of Financial Position
As at 30 June 2007****CURRENT ASSETS**

Cash at Bank	62,781
Call Account and Term Deposits	311,247
GST	12,223
	<hr/>
	386251

FIXED ASSETS

215,785

TOTAL ASSETS

602,036

Less:

CURRENT LIABILITIES

Accounts Payable	106,500
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NET ASSETS

495,536**STATEMENT OF MOVEMENTS IN EQUITY****CROWN EQUITY**

Opening equity	498,530
Deficit for Year	(2,994)
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	\$495,536
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Police Complaints Authority**Forecast Statement of Cash Flows
For the year ended 30 June 2007***Cashflows from Operating Activities*

Cash was provided from:

Government Grants & Other Sources	2,285,100
Interest	20,000
	<u>2,305,100</u>

Cash was applied to:

Payments to Suppliers and Employees	<u>(2,214,765)</u>
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Net Cashflows from Operating Activities **90,335**

Cashflows from Investment Activities

Cash was provided from:

Sale of Fixed Assets	-
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Cash was applied to:

Purchase of Fixed Assets	-
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Net Cashflows from Investing Activities **0**

Net Increase (Decrease) in Cash Held **90,335**

Add Opening Cash Brought Forward	283,693
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Ending Cash Carried Forward	<u><u>374,028</u></u>
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Cash Balances in the Balance Sheet

Cash at Bank	62,781
Call Accounts and Term Deposits	311,247
	<u><u>374,028</u></u>

**Reconciliation of Cashflow with reported
Operating Surplus**

Surplus (Deficit)	\$(2,994)
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Add non cash items

Depreciation	95,000
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Loss on Fixed Assets Written Off	0
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Add(less) movements in other working Capital Items

(Increase) Decrease in Receivables/GST	(3,546)
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Increase(Decrease) in Accounts payable	1,875
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Net cashflows from operating activities	<u><u>90,335</u></u>
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POLICE COMPLAINTS AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Financial Statements presented here for the reporting entity, the Police Complaints Authority, are prepared pursuant to section 35 of the Police Complaints Authority Act 1988 and section 41(1) of the Public Finance Act 1989. The primary function of the Authority is to assess complaints made by members of the public against the Police.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Authority.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial position have been applied:

- a) Accounts Receivable
Accounts Receivable are stated at their estimated net realisable value.
- b) Depreciation
The Authority has three classes of fixed assets as follows:
Office Equipment – 25% of diminishing value
Furniture & Fittings – 25% of diminishing value
Leasehold Improvements – 25% of diminishing value.

All fixed assets are initially recorded at historical cost.

Depreciation is provided on a diminishing value basis on all tangible fixed assets at rates calculated to allocate the assets' cost over their estimated useful lives.
- c) Investments
Investments are stated at the lower of cost and net realisable value.
- d) Goods and Services Tax (GST)
The Financial Statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated with GST included.

- e) **Employee Entitlements**
Provision is made in respect of the Authority's liability for annual leave at balance date. Annual Leave has been calculated on an actual entitlement basis at current rates of pay.
- f) **Operating Leases**
Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.
- g) **Financial Instruments**
There are no financial instruments that expose the Authority to foreign exchange risk or off balance sheet risks.

All financial instruments including bank accounts, short term investments, accounts receivable and accounts payable are disclosed at their fair value. The fair value of short term investments is the lower of cost or market value. Revenue and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance.

- h) **Income Tax**
The Authority is exempt from income tax as it is classified as a public authority in terms of the Income Tax Act 1994.
- i) **Cost of Service Statements**
As the Authority has only one output, a cost of service statement is not required.
- j) **Budget Figures**
The budget figures are those approved by the Authority at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Authority for the preparation of the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. FIXED ASSETS AND DEPRECIATION

Office Equipment – at cost	232,257
Less accumulated depreciation	173,213
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Book Value	59,044
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Furniture & Fittings – at cost	316,419
Less accumulated depreciation	229,992
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Book Value	86,427
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Leasehold Improvements - at cost	159,970
Less accumulated depreciation	89,656
	<hr/>
Book Value	70,314
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Total Fixed Assets	<u>\$ 215,785</u>
Depreciation - Office Equipment	33,000
- Furniture & Fittings	39,000
- Leasehold Improvements	<u>23,000</u>
	<u>\$ 95,000</u>

3. ACCOUNTS PAYABLE

Trade Creditors	56,500
Employee Entitlements	50,000
	<hr/>
	<u>\$106,500</u>