



Independent Police Conduct Authority
STATEMENT OF INTENT
2009/10 – 2011/12

Whaia te pono, kia puawai ko te tika
“Seek out the truth, that justice may prevail”



Presented to the House of Representatives
Pursuant to section 139
of the Crown Entities Act 2004

June 2009

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Independence
trustworthiness
accountability
vigilance
integrity

Foreword

INDEPENDENT POLICE CONDUCT AUTHORITY

The Independent Police Conduct Authority (IPCA) exists to ensure and maintain public confidence in the New Zealand Police (Police). The IPCA does this by considering and, if it deems it necessary, investigating public complaints against police of alleged misconduct or neglect of duty and assessing police compliance with relevant policies, procedures and practices in these instances. The IPCA also receives from the Commissioner of Police notification of all incidents involving police where death or serious bodily harm has occurred. The IPCA has the discretion to investigate these incidents if it wishes.

The Independent Police Conduct Authority (IPCA) evolved from the Police Complaints Authority (PCA) which was established in 1988. The Independent Police Conduct Authority Act 2007 marked a major shift in the direction of the Authority, starting with its name change to Independent Police Conduct Authority and a change in the constitution of the Authority from an individual to a Board of up to five members comprising both legal experts and lay people.

These two changes provided the foundation for the IPCA to make a significant paradigm shift. From 1988 the Authority had operated largely reactively. It had power to conduct formal hearings under oath but exercised that power only once. It investigated police incidents involving death or serious bodily harm. But when it came to public complaints against the police, insufficient resourcing caused it to be limited for the most part to simply reviewing complaint investigations conducted by police. However, since late 2007, the Authority began the process of enlarging its capability to independently investigate complaints and serious incidents involving police.

This shift has been in direct response to the Gallen Review in 2000 of the Police Complaints Authority, and the report of the Commission of Inquiry into Police Conduct (COIPC) delivered in March 2007, in which recommendations were made for the improvement of the Authority's effectiveness. It also reflects the expectations of the public and Government that the Authority become more

proactive and demonstrably more independent in its functions, and coincides with recent Police reforms of their internal professional standards.

This Statement of Intent (SOI) focuses heavily on the IPCA's response to the COIPC's recommendations and details the IPCA's outlook for the future.

The Government has made public its intention to enhance the role of the Authority of which extending its powers are a part. However, those legislative changes are still being developed. This SOI reflects the current legislative framework in which we must work.

There was both a political will and public expectation that the Authority would act swiftly on the recommendations of the COIPC and be able to ensure public confidence in its ability to provide for the independent oversight of police conduct. The Authority has responded by having implemented nearly all of the recommendations, leaving just a very small number to complete in the 2009/10 year.

The Authority operates in accordance with its conceptual name: *Whaia te pono, kia puawai ko te tika*, or *Seek out the truth, that justice may prevail*.



Hon Justice L P Goddard

CHAIR

INDEPENDENT POLICE CONDUCT AUTHORITY



Part I: Outlook

INDEPENDENT POLICE CONDUCT AUTHORITY

INTRODUCTION

The Independent Police Conduct Authority will focus on:

- Embedding recent initiatives to ensure more effective and more visibly independent treatment of public complaints against police.
- Eliminating its backlog of old complaint files by 30 June 2010.

Impetus for this strategic direction originated from the Commission of Inquiry into Police Conduct (COIPC) which was set up to address concerns about the Police but also made recommendations encouraging the then Police Complaints Authority to be more effective in its complaint management, more independent in its investigations, and more accessible to the public. The COIPC also recommended legislative changes to give effect to the IPCA becoming more independent of police support.

On 29 November 2007,¹ the Police Complaints Authority became the Independent Police Conduct Authority and the position of Authority was changed from an individual to a Board of up to 5 members. In September 2008, Parliament approved Mr Allan Galbraith and Mr Mel Smith as full-time members of the new Board. In addition to their Board roles Mr Galbraith heads the Authority's investigation services and Mr Smith heads the Authority's complainants management services. Their appointments have significantly added to the robustness of the organisation.

¹ S.7 Independent Police Conduct Authority Act 2007

Emphasis is being placed on increasing public confidence in the independence of the IPCA with its strengthened investigative capacity (as opposed to the past practice of relying heavily on police-led investigations into complaints and simply reviewing their files afterwards).

Also, strong emphasis continues to be given to eliminating the legacy of a complaints backlog, and the Authority has put in place initiatives to enable speedier and more effective treatment of complaints.

These initiatives are supported by a proactive communications strategy, and specific strategies for raising public awareness of the work of the Authority.

The IPCA is committed to:

- demonstrating to the community and to Government that the IPCA is an independent and effective oversight body which contributes significantly to the promotion of public confidence in the Police;
- implementing internal performance indicators to ensure high productivity and quality control;
- eliminating the existing backlog and preventing future backlogs;
- ensuring that the New Zealand public is aware of the presence and work of the Authority.

NATURE AND SCOPE OF FUNCTIONS

The role of the Independent Police Conduct Authority (IPCA) is defined by the Independent Police Conduct Authority Act 2007. The IPCA exists to ensure and maintain public confidence in the New Zealand Police (Police) by considering complaints of alleged misconduct or neglect of duty by any member of Police, and assessing police compliance with relevant practices, policies and procedures in these instances.

The functions of the Authority include:

- 1) Receiving complaints -
 - a) Alleging any misconduct or neglect of duty by any member of the Police;
or
 - b) Concerning any practice, policy, or procedure of the Police affecting the person or body of persons making the complaint in a personal capacity.
- 2) Undertaking an investigation 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.

- 3) In the course of taking action in respect of any complaint, the Authority may investigate any apparent misconduct or neglect of duty by a member of the Police, or any Police practice, policy, or procedure, which appears to the Authority to relate to the complaint, notwithstanding that the complaint itself does not refer to that misconduct, neglect, practice, policy, or procedure.

The IPCA is an Independent Crown Entity (Part 3 of Schedule 1, Crown Entities Act 2004).

In fulfilling its role, the IPCA ultimately seeks to support the Government's outcome of '*A safe and just society*' by contributing to the achievement of the following justice sector goals:

- accessible justice services;
- a trusted justice system; and
- effective constitutional arrangements.

The IPCA's role supports the desired Police outcomes of '*Confident, safe and secure communities*', and shared values of integrity and professionalism as outlined in the Police Statement of Intent, through our role as watchdog over Police actions.

It is the IPCA's responsibility to promote strong public confidence in the services provided by the Police. As New Zealand's only organisation outside of Police with responsibility for investigating and establishing whether the actions, procedures and policies of the Police are appropriate, it is critical that the IPCA's work is, and is seen to be, independent of the functions and influence of the Police.

Because the IPCA in the past lacked adequate resources of its own, it was largely reliant upon Police to undertake complaint investigations on its behalf. Involvement of the Police in IPCA processes had the potential to be seen by the public as a conflict of interest, and thus diminish the perceived independence of the IPCA.

The IPCA now takes every opportunity to transparently exercise its independence by undertaking its own investigations of all serious incidents.

In summary, there are three critical independence factors for the IPCA.

1. *Statutory independence*

The IPCA already enjoys statutory independence by virtue of its Act and the Crown Entities Act, both of which imbue it with the ability to resist any undue influence from the Government or any other organisation or individual. That statutory independence is a key pre-requisite for its effectiveness.

2. *Operational independence*

In practical terms, operational independence means the IPCA's ability to carry out its own investigations, to independently oversee Police investigations and to conduct its own reviews – all without undue reliance on assistance from Police.

3. *Impartiality*

The IPCA holds as paramount its obligation to act impartially in all its dealings. The IPCA will continue to strengthen its efforts to raise public awareness of its independence, and its role and functions. The IPCA will also promote publicity which educates the public about its enlarged investigative capacity. The IPCA has recently activated its revamped website giving up-to-date information on the IPCA, access to its reports, and on-line facilities to lodge complaints against the Police.

The fundamental importance of both actual independence and perceived impartiality of the IPCA cannot be over-emphasised.

WORKING RELATIONSHIP WITH POLICE

It is necessary for the IPCA 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 IPCA 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 IPCA, there is already in effect a Memorandum of Understanding between the IPCA and the Police, providing for matters of serious misconduct or neglect of duty, internally reported within the

Police, to be notified to the IPCA and then to be dealt with by the IPCA as if they were complaints.

The procedures to be followed when both the IPCA'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 IPCA investigators. It allows active and independent investigation by the IPCA whilst recognising that the Police have the primary responsibility for the investigation of crime.

OPERATING FRAMEWORK

Vision Statement

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

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:

- a) Increased public confidence in the New Zealand Police;
- b) Improved public experience of policing;
- c) Improved policing standards.

These IPCA outcomes will contribute to the Justice Sector Outcomes of :

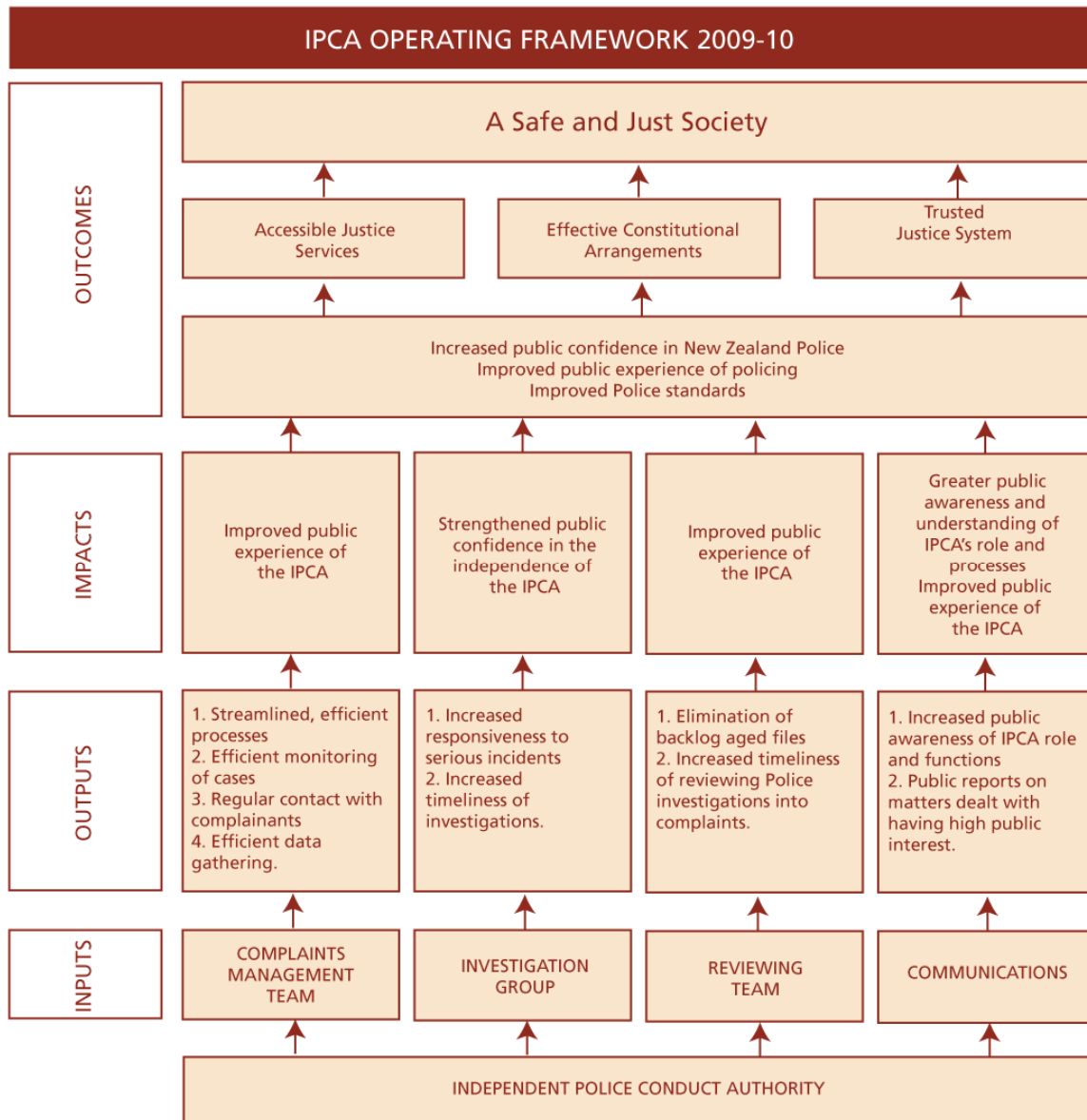
- a) Accessible Justice Services;
- b) Effective Constitutional Arrangements;
- c) Trusted Justice System.

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

The IPCA 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 IPCA to achieve its stated outcomes.

The IPCA 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.



RE-ENERGISING THE IPCA

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

Complaints Management Team

This new facility came into operation on 1 December 2008. In earlier IPCA reports, this role has been described as the Service Centre but in March 2009 the Board

renamed it the Complaints Management Team (CMT) to better reflect its function. The CMT provides a comprehensive system of complaint receipt, assessment, allocation, monitoring and reporting.

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

The category system provides varying levels of priority, enabling the CMT to ensure that serious matters get the proper attention and less serious matters are expedited more speedily.

The CMT will be providing more efficient monitoring of cases than was possible previously. Complainants will, as a matter of course, be kept in the loop as to the progress of their complaints. These activities will enable more efficient data gathering and reporting.

The IPCA 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 IPCA 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 IPCA has shifted from a reviewing focus to an investigation focus. From 2007, the IPCA'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 IPCA's Investigators have had extensive experience in investigations and investigation management.

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

Reviewing Team

The Reviewing Team (formerly known as the Transition Team) is dedicated to eliminating the IPCA's file backlog, which includes all cases outstanding as at 30

June 2007, which at that time numbered 1,611. This number was reduced to 211 as at 30 June 2008. It is expected that that number will be eliminated by 30 June 2010.

The backlog developed earlier, before the recent changes to the IPCA's structures and systems, and before recent resource increases.

Elimination of the backlog will enable more timeliness in reviewing new Police complaint investigation cases and prevent the build up of fresh backlogs.

The Reviewing Team is also responsible for reviewing current complaint cases which have been investigated by the Police.

The overall result will be an improved public experience of the IPCA.

Communications

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

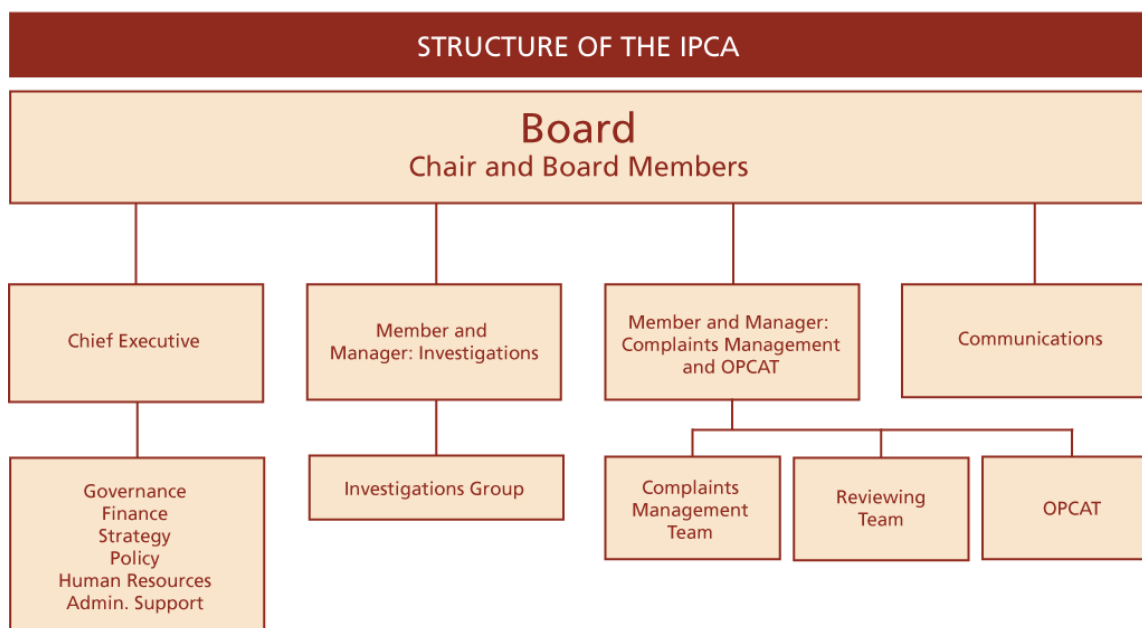
The Authority's website will better inform complainants and members of the public about the Authority's work.

Reporting requirements provided in the Optional Protocol to the Convention Against Torture (OPCAT)

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

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



MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT

Since late 2007, the IPCA has undergone significant structural change to meet present and future challenges in its role as primary reviewing agency of Police conduct. The new structure provides more robust leadership, more effective operational capacity and more sustainable capability into the future. As the Police itself grows in staff numbers, greater pressure will fall upon the IPCA to respond to increased complaints of misconduct.

While the IPCA does not function as a regulatory agency in the strictest sense, its functions bear some resemblance to those undertaken by regulatory agencies. For example, the IPCA is required to:

- investigate alleged instances of 'non-compliance' with Police practices, policies and procedures and review the appropriateness of Police practices, policies and procedures.
- make recommendations for Police to action;
- remain responsive to actions/motivations of Police.

ORGANISATIONAL HEALTH AND CAPABILITY

The IPCA received an increase in baseline funding for 2008/09 and out-years. The funding is necessary to meet the recommendations of the 2007 Commission of Inquiry into Police Conduct and to meet the expectations of the public for independent investigation of complaints into police conduct.

EQUAL EMPLOYMENT OPPORTUNITIES

The IPCA has an EEO 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 IPCA has documented human resource policies.

The IPCA 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 IPCA 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.



Part II: Forecast Service Performance

INDEPENDENT POLICE CONDUCT AUTHORITY

OUR MAIN ACTIVITIES

For the years 2009/10 and beyond, the IPCA will be consolidating its gains under the restructuring programme of the previous year and concentrating on making its new structure as robust and as efficient and effective as possible.

Last year performance indicators were set to reflect the transition to the new structure. This year the performance indicators are more indicative of the new focus and levels of service that the IPCA is committed to.

Managing complaints: Complaints Management Team (formerly the Service Centre)

Objective

- Prompt triage of incoming complaints so that, where possible, effect is given to early closure, or assessed and allocated to appropriate action (IPCA investigation or Police investigation).

(Staff appointed to the Complaints Management Team are selected for their skills and experience in dealing with the public, analytical ability, and knowledge of the justice sector)

Impact

New complaints will be received by case managers so that early consideration can be achieved and early appropriate action decided including speedy resolution.

Serious matters will be immediately referred to the Investigation Group.

Less serious matters, but which require investigation, will be referred promptly to Police within five working days for resolution. In these particular cases, no further reference to the IPCA will be necessary where resolution is reached to the satisfaction of the complainant. However, a number of these will be required to be returned to the IPCA for review for monitoring purposes.

Where a complainant is dissatisfied with the outcome of the Police investigation, the IPCA will review the Police investigation.

The Complaints Management Team will maintain efficient information systems to enable immediate tracking of complaints, timely notifications required by operating policy or legislation, and efficient statistical record of complaint resolution.

Performance Indicators

- Enquiries to the Authority are responded to within three working days (95% of all cases).
- All oral complaints are received and processed (100%).
- All Police incidents involving death or serious bodily harm are notified to the IPCA Investigation Group within 24 hours of receipt (95% of all cases).
- All complaints and incidents are acknowledged and assigned to a reviewing officer within five working days of receiving the complaint.
- Complaints deemed appropriate for conciliation, investigation or resolution by the Police are referred to the Police within five days of receipt or where attempted speedy resolution has failed (95% of all cases).

Investigations: Investigation Group

Objective

- Increased independent investigation output leading to greater recognition of the IPCA's independence.

Impact

The Investigation Group will:

- carry out thorough, professional and independent investigations;
- investigate separately from, and independently of, the Police whenever practicable;
- maintain policies and practices which meet the recommendations of the COIPC;
- make recommendations to the Board regarding Police misconduct or neglect of duty; or in respect of Police practices, policies or procedures;
- record and advise the Board of the Police responses to recommendations of the Authority.

Performance Indicators

- Independently investigate all incidents where a member of the Police acting in the execution of his or her duty causes or appears to have caused death or serious bodily harm to any person (100%).
- Independently investigate, or actively oversee the investigation of, complaints against Police of serious criminal offending, serious misconduct or neglect of duty, or corruption – causing the greatest level of public concern or having serious implications for the reputation of the Police (90%).
- Except in circumstances that are beyond the control of the Investigation Group, complete investigations within 12 months.
- Make contact with victims, next of kin and complainants within five working days upon being notified of an incident or complaint (90%).

- Maintain contact with victims, next of kin and complainants and keep them apprised of progress at least monthly, unless it is unnecessary or inappropriate to do so (90%).

Reviewing Police investigations into complaints: Reviewing Team

Objectives

- Clearance of the backlog of complaints including unresolved files opened in the period up to 30 June 2008.
- Timely review of all current complaint cases which have been investigated by the Police.

Impact

The backlog comprises old complaints identified as being greater than 12 months old and not subject to Court processes as at 30 June 2008.

Under the new category system for prioritising complaints matters assigned to the Police for investigation or resolution are always subject to the right of the complainant to have his/ her complaint reviewed by the IPCA if dissatisfied with the Police outcome.

Performance Indicators

- By 30 June 2010 the backlog of old complaints (i.e. complaint files 12 months old and older and which are not subject to court processes and those files opened up to 30 June 2008 remaining unresolved) are eliminated.
- Police complaint investigation files referred to the IPCA for review are reviewed and completed within 60 days of receipt from the Police (75% of all cases).
- All cases are reviewed within 12 months of receipt (90%) except in circumstances which are beyond the control of the IPCA.

Communications

Objectives

- Improved awareness of IPCA roles and responsibilities.
- Broader communication with complainants during the course of investigations.
- Production of public reports of investigations including recommendations for further action.

Impact

- Establishment of a dedicated part time communications specialist position.
- Raise understanding of Police as to the public and Government expectations of the IPCA.
- Raise public awareness of roles and function of the IPCA through information pamphlets, public addresses, and improved IPCA website.
- Improve readability of IPCA published reports so that they are easily comprehended by the general public.
- Apply communications skills to the IPCA's presentations through the print, audio and electronic visual media to improve public understanding of the issues raised by the IPCA.
- Adopt a proactive approach to alerting and educating the public as to topical issues being addressed by the IPCA.

Performance Indicators

- Undertake at least five Police district visits by 30 June 2010
- Undertake a survey of complainants' satisfaction with IPCA processes to a standard of satisfactory or better.

Optional Protocol to the Convention Against Torture (OPCAT)

Objective

To meet the United Nations reporting requirements provided in the Optional Protocol to the Convention Against Torture (OPCAT)

Impact

The IPCA will:

- provide high visibility to observing detention conditions;
- apply assessment criteria for observing detention conditions;
- take appropriate and swift action to report upon and commence activities for addressing serious abuses of detained persons;
- work with the Central National Preventive Mechanism (the Human Rights Commission) to ensure that New Zealand's responsibilities under OPCAT are met.

Performance Indicators

- Inspect 30 detention facilities before 30 June 2010.
- Prepare a report to 30 June 2010 on its observations, conclusions and recommendations with regard to detention facilities, to be submitted to Parliament and to the public through the Human Rights Commission.



Part III: Forecast Financial Statements

INDEPENDENT POLICE CONDUCT AUTHORITY

INDEPENDENT POLICE CONDUCT AUTHORITY
 FORECAST STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2009

REVENUE		\$
Revenue from Crown		4,063,000
Interest income		25,829
Total revenue		4,088,829
EXPENDITURE		\$
Remuneration to auditors		17,000
Amortisation		23,243
Communication charges		46,000
Contract services		60,000
Depreciation		99,281
Personnel		2,950,000
Professional fees		46,000
Printing and stationary		86,000
Rent		303,000
Services and supplies		113,600
Subscriptions		25,000
Travel and accommodation		210,000
OPCAT		25,000
Total expenditure		4,004,124
Net Surplus for the year		84,705

INDEPENDENT POLICE CONDUCT AUTHORITY
 FORECAST STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED 30 JUNE 2009

CURRENT ASSETS	\$
Cash & cash equivalents	216,325
GST receivable	19,408
	235,733
NON-CURRENT ASSETS	\$
Property, plant and equipment	297,842
Intangible assets	69,730
	367,572
Total assets	603,305
CURRENT LIABILITIES	\$
Creditors and other payables	58,931
Employee entitlements	134,535
	193,466
Net assets	409,839
STATEMENT OF MOVEMENTS IN EQUITY	\$
Crown equity	
Opening equity	325,134
Surplus/(deficit) for the year	84,705
	409,839

INDEPENDENT POLICE CONDUCT AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

CASH FLOWS FROM OPERATING ACTIVITIES	\$
Cash will be provided from:	
Receipts from Crown revenue	4,063,000
Interest received	25,829
Net GST received	3,277
	4,092,106
Cash will be applied to:	
Payments to suppliers and employees	(3,909,929)
	(3,909,929)
Net cash flows from operating activities	182,177
CASH FLOWS FROM INVESTMENT ACTIVITIES	\$
Cash will be applied to:	
Purchase of intangible assets	(50,000)
Net increase/(decrease) in cash flows	132,177
Plus cash at the start of the year	84,148
Cash held at the end of the year	216,325
Represented by:	
Cash and cash equivalents	216,325
Net increase/(decrease) in cash flows	216,325
RECONCILIATION OF CASH FLOW WITH REPORTED OPERATING SURPLUS	
Net surplus	84,705
Add non-cash items:	
Amortisation	23,243
Depreciation	99,281
Add/(less) movements in other working capital items:	
(Increase)/decrease in GST receivable	6,818
Increase/(decrease) in creditors and other payables	(31,870)
Net cash flows from operating activities	182,177

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

STATEMENT OF UNDERLYING ASSUMPTIONS

Significant Assumption

The opening position of the forecasted statements is based on un-audited results for 2008/2009. The actual results for April, May, and June 2009 are unavailable, and therefore, the balance as at 30 June 2009 has been estimated using April, May, and June 2009 forecast figures.

Nature of Forecasted Financial Statements

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

Reporting Entity

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

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

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

Basis for Preparation

Statement of compliance

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

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

Measurement base

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

Functional and presentation currency

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

SPECIFIC ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the forecast 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 forecast statement of financial performance as an expense, in equal instalments over the lease term when the leased items are in use.

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

c) 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.

d) 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.

d) Property, plant and equipment (continued)*Disposals*

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

e) 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.

e) Intangible assets (continued)

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

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

Amortisation

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

The following amortisation rates are used in the calculation of amortisation:

Software	25.0% DV
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f) Impairment

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

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

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

g) 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.

h) 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.

i) 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 forecast statement of financial performance as incurred.

j) Good 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.

j) Good and Service Tax (GST) (continued)

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.

k) 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.

l) 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 and includes at call borrowings such as bank overdrafts, used by the entity as part of its day to day cash management.

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

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

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

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

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

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

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