



IPCA

Independent Police
Conduct Authority

Whāia te pono, kia puawai ko te tika

Statement of Performance Expectations 2016/17

Independent Police Conduct Authority

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Preamble

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

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



Judge Sir David Carruthers, KNZM
Chair



D. M. Macaskill

Dianne Macaskill

Member



Simon Murdoch

Member

Overview of services for 2016/17

FUNDING

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

During the 2016/17 financial year the Authority's Vote Justice revenue will be \$4.111 million (GST exclusive). All figures in this document are GST exclusive.

SCOPE OF APPROPRIATION

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

CONSULTATION WITH, AND REPORTING TO, OUR RESPONSIBLE MINISTER

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

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

FINANCIAL STRATEGY

Managing in a tight fiscal environment

The Authority's financial management processes are designed to ensure financial sustainability and prudent expenditure that is directed to meeting the organisation's priorities and goals. Careful management of resources and expenditure has seen an improvement in the Authority's financial position. The Authority will build on this improved position in the next few years, while at the same time seeking to improve its services across the range of its outputs.

Given that personnel represent the greatest area of investment and cost for the Authority, we will continue to set remuneration and employment conditions that are realistic but also mindful of the need to retain experienced and qualified people.

The Authority's financial performance is reviewed by the Board on a monthly basis. Additionally the budget is reviewed and adjusted where required during the financial year, taking into account expenditure trends and needs.

Summary of outputs & output expenses for 2016/17

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

Forecast output class expenditure: **\$4,135,389**

OUTPUT CLASS: Investigate and resolve complaints against the Police, and to uphold the rights of persons in Police detention

- Output 1: Receive, manage, and ensure resolution of complaints.
- Output 2: Carry out Independent and timely investigations into Police Conduct and report on these as required.
- Output 3: Make recommendations for improved Police conduct, practices, policies and procedures, based on the results of investigations, and monitor their implementation.
- Output 4: Monitor and report on places of Police detention.

TOTAL: Forecast output expenditure **\$4,135,389**

Forecast revenue:

Forecast Revenue Crown **\$4,111,000**

Forecast interest revenue **\$33,599**

TOTAL: Forecast revenue **\$4,162,064**

Category definitions

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

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

Category 1 – IPCA independent investigation

Principle

There is a category of cases which, in the public interest, need to be independently investigated in order to ensure public confidence in the integrity and objectivity of the investigative process and the outcome.

Guidelines

There are a number of cases that are so serious that they will typically lead to a Category 1 investigation. These include:

- a) cases involving death or serious injury causing or appearing to be caused by Police actions;
- b) cases containing elements of corruption or serious criminal misconduct;
- c) other cases of deliberate wrongdoing or other serious misconduct that would significantly impact on public trust and confidence in the Police.

A case that meets one of the above criteria will not necessarily be independently investigated if the Authority is satisfied that it has been or is being responded to robustly and expeditiously by the Police (eg by investigation with a view to possible criminal prosecution or disciplinary proceedings against one or more officers). Conversely, a case that does not meet one of the above criteria may be deemed suitable for a Category 1 investigation if:

- d) it raises significant systemic issues;
- e) it shows a pattern of significant misconduct by an individual officer;
- f) It raises integrity issues in relation to a senior officer or an area, District, or Police generally;
- g) a Police investigation on its own is unlikely, in the view of the Authority, to be perceived as having sufficient robustness to attract public credibility; or
- h) the Police have indicated that for public interest reasons it is preferable for the Authority rather than the Police to investigate.

Category 2 –Police investigation with active IPCA oversight

Principle

Where a case does not meet the criteria for independent investigation, the investigation by the Police should be actively overseen where this is required to assist in ensuring a focus on all relevant issues and a timely outcome.

Guidelines

This category of complaints has one or more of the following characteristics:

- a) some initial investigation by Police is required to determine the issues in the case before a final decision can be taken as to whether further investigation by either the Authority or the Police is required;
- b) the complaint is sufficiently serious or complex that ongoing dialogue between the Authority and the Police is desirable to facilitate a robust investigation;
- c) the significance or public profile of the incident requires active oversight of the investigation by the Authority in order to ensure public confidence in the objectivity and integrity of the outcome;
- d) the case involves a complaint against an officer who has a history of misconduct that does not meet the criteria for a Category 1 investigation but is sufficiently serious that ongoing Authority involvement is required to ensure the maintenance of public confidence in the Police.

Category 3 – Significant complaints of substance – Police investigation

Principle

Police should take primary responsibility for the investigation and resolution of all complaints that require investigation or review but do not meet the criteria for Category 1 or Category 2.

Guidelines

This category of complaints has no prescribed characteristics. It encompasses all matters that do not meet the criteria for disposition without investigation, but do not require either an independent investigation or active ongoing oversight by the Authority.

CASES NOT REQUIRING INVESTIGATION OR REVIEW

There is a substantial volume of complaints that do not require any investigation or review by the Authority. These fall into two categories:

Category 4 – Conciliation

Principle

It is important that there be a process to enable Police to accept responsibility for their actions quickly and with the least possible formality, thus avoiding protracted investigation and consequent delay.

Guidelines

This category of complaints has all the following characteristics:

- a) they appear to the Authority to be capable of resolution by mutual agreement between the Police and complainant;
- b) they do not have significant systemic or organisational issues or other wider ramifications beyond the incident itself;
- c) they indicate the existence of one or more issues underlying the complaint that have been acknowledged by the Police, and can and should be resolved without further investigation; and
- d) the Authority and the Police have agreed that the matter should be resolved in this way.

Complaints in this category often include investigative delays, rude or inappropriate comments, lack of respect, and/or inappropriate behaviour or conduct that is relatively minor.

Category 5 – No further action

Principle

It is in the interests of both the complainant and Police that matters of no real substance are identified and dismissed at the earliest possible opportunity.

Guidelines

This category of complaints has one or more the following characteristics:

- a) they are matters which the Authority considers as minor, frivolous or vexatious;
- b) they are matters where there is no support from the person centrally aggrieved;
- c) they have been, are about to be or are able to be decided by another tribunal or by the Court;

- d) they are matters which disclose no issue requiring investigation;
- e) they are matters which relate to an incident of which the complainant has had knowledge for over one year;
- f) there is a conflict in the evidence about the issues complained of that are unlikely to be resolved by further investigation.

Early Resolution

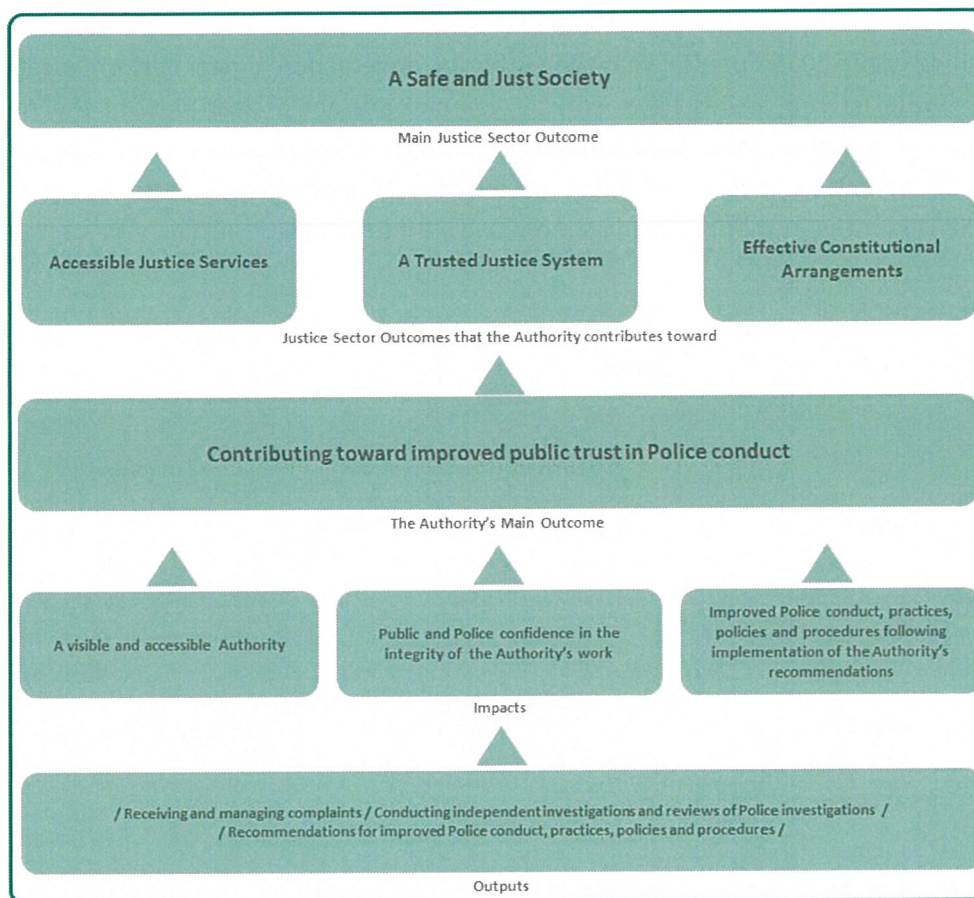
With the assistance of the Government Centre for Dispute Resolution at the Ministry of Business Innovation and Employment (MBIE), the Authority and Police have developed a new method of dealing with complaints that is being trialled in three Police Districts for a period of nine months from 7 March 2016. The over-arching objective of the project is to achieve speedier resolution of complaints by establishing clear timeframes, keeping the parties informed and consultative decision-making. It is expected that these processes, once refined and extended to other Districts, will result in faster and better outcomes for complainants.

Results for this Pilot will not be reflected in this year's output measures, but the results in terms of outcomes and complainant and Police satisfaction will be reported on.

Prevention and Policy Work

The Authority has a mandate to identify and make recommendations on gaps and weaknesses in Police policy, practice or operational procedures where these are exposed by the investigation of individual cases. To this end, the Authority is increasingly undertaking systemic policy reviews in consultation with the Police, to the extent that resources permit. Recent examples include our work reviewing custodial management policies, employment vetting and the pre-charge warning policy. These reviews incorporate findings from Category 1 and 2 investigations, and are reflected in Output Measure 3 below.

OUR OUTCOMES FRAMEWORK



Key measures for our outputs

At the beginning of the 2015 financial year the Authority implemented a new performance reporting framework. These new measures have worked well and present a clear view of the Authority's performance. The measures identified below represent critical milestones in the management and investigation of complaints and meeting the performance targets is considered to be a fair and realistic challenge for the Authority's management and staff to achieve.

OUTPUT MEASURES

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

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2016/17-2018/19</i>	
All notifications of new complaints and incidents are acknowledged within seven days	95%	The Authority's database
All new complaints and incidents are categorised and decisions made about the appropriate actions are taken within 42 days	95%	The Authority's database

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

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2016/17-2018/19</i>	
Reviews of Police investigations for Category 2 and 3 files will be completed by the Authority within 28 days of receiving the file or Final Report from Police ¹	90%	The Authority's database
Independent investigations carried out by the IPCA will be concluded as soon as practicable ²	90% within 12 months 99% within 24 months	The Authority's database
For each Category 1 case that proceeds to a full investigation, an investigation plan, milestones and a completion date will be set and monitored	100% of investigations	The Authority's investigation files

¹ The 28-day period excludes any period during which the IPCA is awaiting further information requested from Police.

² Cases whereby there are issues outside of the Authority's control for example, on-going court proceedings, impact on the Authority's timeliness output measure and its ability to achieve the set performance target.

Reports as a result of Category 1 investigations are clear, consistent and well-structured and have well-argued conclusions.

100% of reports meet required standard

Five randomly selected reports are independently peer reviewed

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

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	2015/16-2018/19	
All systemic issues identified by the IPCA relating to Police practices, policies and procedures are raised and discussed with Police prior to the completion of the relevant review or independent investigation	100%	The Authority's database and Spreadsheet

Output measure 4: *Monitor places of Police detention*

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	2015/16-2018/19	
All systemic custodial management issues are raised and discussed with the Police prior to the completion of the relevant review or independent investigation.	100%	The Authority's OPCAT Spreadsheet
All on-going performance audits of compliance with the People in Detention Policy are undertaken as agreed with Police.	Achieved	Programme of Audits

Impact measures

Impact measure 1: *A visible and accessible Authority*

<i>Measure</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2015/16-2018/19</i>	
The Authority can be readily accessed by all members of the community who need its services.	An 'Outreach Plan' for the Authority to reach vulnerable and marginalised communities will be developed. The first phase of the plan will be implemented by 30 June 2017.	The existence of a plan, approved by the IPCA Board by 30 September 2016 Outreach activities required by the Plan are undertaken by 30 June 2017

Impact measure 2: *Improved satisfaction relating to the work of the Authority*

<i>Measure</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2015/16-2018/19</i>	
Participants in surveys are satisfied with their contact with Authority staff.	75% are satisfied	Authority's complainant and Police satisfaction survey introduced in 2015/16
Participants in surveys are satisfied with the Authority's investigation processes.	75% are satisfied	Authority's complainant and Police satisfaction survey introduced in 2015/16
Participants in surveys are satisfied with the Authority's review processes.	75% are satisfied	Authority's complainant and Police satisfaction survey introduced in 2015/16

Impact measure 3: *Make recommendations for improved Police conduct, policies, practices and procedures and monitoring during the course of investigations, and monitoring implementation of those recommendations*

<i>Measure</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2015/16-2018/19</i>	
All recommendations for improved Police policies, practices and procedures are accepted by Police.	90%	A database shared with Police

Annex 1: Forecast financial statements 2015/16 – 2019/20

Forecast Statement of Comprehensive Income for the year ended 30 June					
	Estimated Actuals 2015/16 \$	Forecast 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$
Revenue					
Revenue from Crown	3,811,000	4,111,000	4,111,000	4,111,000	4,111,000
Other Income	16,000	16,000	16,000	16,000	16,000
Interest income	24,291	35,064	37,890	41,666	43,240
Total revenue	3,851,291	4,162,064	4,164,890	4,168,666	4,170,240
Expenditure					
Remuneration to auditors	31,192	32,805	32,805	32,805	32,805
Amortisation	20,068	12,009	12,009	12,009	12,009
Communication charges	26,134	36,000	36,000	36,000	36,000
Depreciation	60,629	48,000	63,000	55,500	66,500
Personnel	2,586,072	3,109,075	3,005,718	3,096,363	3,136,362
Printing and stationery	25,669	30,000	30,000	30,000	30,000
Professional fees	128,563	130,000	130,000	135,000	135,000
Rent	371,154	389,500	390,733	390,733	390,733
Services and supplies	222,168	210,000	210,000	215,000	215,000
Subscriptions	12,325	15,000	15,000	15,000	15,000
Travel and accommodation	110,655	123,000	123,000	123,000	125,000
Total expenditure	3,594,629	4,135,389	4,048,265	4,141,410	4,194,409
Net comprehensive income for the year	256,662	26,675	116,625	27,256	(24,169)

Forecast Statement of Financial Position for the year ended 30 June

	Estimated Actuals 2015/16 \$	Forecast 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$
Current assets					
Cash & cash equivalents	696,014	740,537	915,583	987,723	1,004,005
Debtors and Prepayments	1,322	1,322	1,322	1,322	1,322
GST receivable	30,255	25,592	25,592	25,842	26,292
Total current assets	727,591	767,451	942,497	1,014,887	1,031,619
Property, plant and equipment	324,374	286,374	263,374	217,874	177,374
Intangible assets	56,735	47,726	32,717	20,708	8,699
Total non-current assets	381,109	331,100	296,091	238,582	186,073
Total assets	1,108,700	1,098,551	1,238,588	1,253,469	1,217,692
Current liabilities					
Creditors and other payables	103,769	80,278	80,278	81,236	82,961
Employee entitlements	188,255	188,255	225,000	225,000	225,000
Total current liabilities	292,024	268,533	305,278	306,236	307,961
Non-Current Liabilities	76,667	63,334	50,001	36,668	23,335
Net assets	740,009	766,684	883,309	910,565	886,396
Total public equity	740,009	766,684	883,309	910,565	886,396

Forecast Statement of Movements in Equity for the year ended 30 June

	Estimated Actuals 2015/16 \$	Forecast 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$
Crown equity					
Opening equity	483,347	740,009	766,684	883,309	910,565
Net comprehensive income for the year	256,662	26,675	116,625	27,256	(24,169)
Closing equity	740,009	766,684	883,309	910,565	886,396

Forecast Statement of Cash Flows for the year ended 30 June

	Estimated Actuals 2015/16 \$	Forecast 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$
Cash flows from operating activities					
Cash will be provided from:					
Receipts from Crown revenue	3,811,000	4,111,000	4,111,000	4,111,000	4,111,000
Interest received	24,428	35,064	37,890	41,663	43,240
Other Income	16,000	16,000	16,000	16,000	16,000
Net GST received	(12,631)	4,663	62	(18,861)	(19,061)
Cash will be applied to:					
Payments to suppliers and employees	(3,539,017)	(4,112,204)	(3,949,906)	(4,067,662)	(4,108,897)
Net cash flows from operating activities	299,780	54,523	215,046	82,140	42,282
Cash flows from investing activities					
Cash will be provided from:					
Proceeds from term deposits	-	-	-	-	-
Cash will be applied to:					
Purchases of property, plant and equipment	(37,071)	(10,000)	(40,000)	(10,000)	(26,000)
Purchases of intangible assets	-	-	-	-	-
Acquisition of term deposits	-	-	-	-	-
Net cash flows from investing activities	(37,071)	(10,000)	(40,000)	(10,000)	(26,000)
Net increase/(decrease) in cash held	262,709	44,523	175,046	72,140	16,282
Plus cash at the start of the year	433,305	696,014	740,537	915,583	987,723
Cash held at the end of the year	696,014	740,537	915,583	987,723	1,004,005
Represented by:					
Cash & cash equivalents	696,014	740,537	915,583	987,723	1,004,005
	696,014	740,537	915,583	987,723	1,004,005

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

	Estimated Actuals 2015/16 \$	Forecast 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$
Net comprehensive income for the year	256,662	26,675	116,625	27,256	(24,169)
Add: non-cash items					
Amortisation	20,068	12,009	12,009	12,009	12,009
Depreciation	60,629	48,000	63,000	55,500	66,500
Add/(less) movement in other working capital items					
(Increase)/decrease in GST receivable	(8,196)	4,663	-	(250)	(450)
Increase/(decrease) in creditors and other payables	(40,499)	(36,824)	23,412	(12,375)	(11,608)
(Increase)/decrease in debtors	11,116	-	-	-	-
Net cash flows from operating activities	299,780	54,523	215,046	82,140	42,282

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

STATEMENT OF UNDERLYING ASSUMPTIONS

Significant assumption

The opening position of the forecasted statements is based on un-audited results for 2015/2016.

Nature of forecasted financial statements

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

Reporting entity

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

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

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

Basis for preparation

Statement of compliance

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

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

Measurement base

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

Functional and presentation currency

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

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

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

Revenue from the Crown

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

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

Interest

Interest revenue is calculated based on the net cash-flow received throughout the year, with an assumed interest rate of 2.6% on cash and cash equivalents.

Operating leases

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

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

Debtors and other receivables

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

Cash and cash equivalents

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

Investments

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

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

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

Property, plant and equipment

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

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

Additions

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

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

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

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

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

Intangible assets

Software acquisition

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

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

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

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

Amortisation

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

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

Software	25.0% DV
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Impairment

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

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

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

Financial liabilities

Creditors and other payables

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

Employee entitlements

Short-term employee entitlements

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

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

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

Superannuation schemes

Defined contribution schemes

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Cash flow statement

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

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

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

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

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

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

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

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

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

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



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