



# **INDEPENDENT POLICE CONDUCT AUTHORITY**

## **Statement of Performance Expectations - 2018/19**

Copyright ©

This copyright work is licensed under the Creative Commons Attribution 3.0 licence. In essence you are free to copy, distribute and adapt the work, as long as you attribute the work to the Independent Police Conduct Authority (the Authority) and abide by the other licence terms.

To view a copy of this license, visit

<http://creativecommons.org/licenses/by.3.0/nz>. Please note that this licence does not apply to any logos, emblems and/or trademarks that may be placed on the Authority's website or to the Authority's website design elements.

Those specific items may not be reused without express permission

---

**Contents**

**Preamble ..... 4**

**Overview of services for 2018/19 ..... 5**

**Summary of outputs & output expenses for 2018/19 ..... 6**

**Category definitions ..... 7**

**Key measures for our outputs ..... 11**

**Impact measures ..... 14**

**Annex 1: Forecast financial statements 2018/19 – 2020/21 ..... 16**

**Annex 2: Notes to and forming part of the financial statements ..... 19**

**Annex 3: Critical judgments in applying the Authority’s accounting policies ..... 26**



## 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 2017/18–2020/21 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 Colin Doherty

Chair



Dianne Macaskill

Member



Simon Murdoch

Member



## Overview of services for 2018/19

### FUNDING

---

The Authority is funded by the Crown through the 'Services from the Independent Police Conduct Authority' appropriation. 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 2017/18 to 2020/21.

During the 2018/19 financial year, the Authority's Vote Justice revenue will be \$4.892 million (GST exclusive). All figures in this document are GST exclusive.

### SCOPE OF APPROPRIATION

---

This appropriation is limited to investigating incidents and investigating and resolving complaints against the Police, and to upholding the rights of persons in Police detention. The appropriation is intended to achieve the efficient and effective provision of those services.

### 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 of 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

---

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. Increases in the volume of cases during the last three years have put an increasing strain on the Authority's existing capacity to meet demand. 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 sustainable within our appropriation but also mindful of the need to retain experienced and qualified people.

We have set aside reserves to replace our current Access case management system as soon as resources permit.

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 2018/19

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

**Forecast output class expenditure:**

**OUTPUT CLASS: Investigate incidents and resolve complaints against Police, and 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 where persons are held in Police detention.

**TOTAL: Forecast output expenditure** **\$4,715,129**

**Forecast revenue:**

Forecast Revenue Crown	\$4,892,000
Forecast interest revenue	\$25,394
Forecast other revenue	\$16,000

**TOTAL: Forecast revenue** **\$4,933,394**

## Category definitions

In order to allocate resources most effectively, the Authority categorises cases by assessing them across a range of factors, including the level of seriousness and the most appropriate means of resolving the matter. Generally speaking, we will independently investigate the most serious complaints and incidents, while other matters will be referred to Police for investigation or resolution under the Authority's oversight. There are also cases that for a variety of reasons do not require further action.

There are four categories of complaint: 1, 2, 4 and 5. (Category 3 is an historical category no longer in use).

### Category 1 – IPCA independent investigation

#### *Principle*

This category comprises cases which, in the public interest, need to be independently investigated by the Authority 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 caused 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 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 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 one or more 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) Police have indicated, or the Authority determines, that for public interest reasons it is preferable for the Authority rather than Police to investigate.

## Category 2 – Police investigation with active IPCA oversight

### *Principle*

Where a case requires investigation before the appropriate resolution can be determined, but does not meet the criteria for independent investigation, it will be referred to the Police for investigation with active IPCA oversight.

This may sometimes comprise a limited factual inquiry by the Police (eg a phone call to the complainant or a witness to clarify a factual matter) so that it can be determined whether the case is suitable for alternative resolution.

## Category 4 – Facilitated Case Resolution

### *Principle*

Where the complainant has a reasonable grievance to be addressed and the issues are clear, the case should be resolved by appropriate action and redress as soon as practicable.

### **Guidelines**

This category of complaints has the following characteristics:

- a) the issues raised by the complaint are clear;
- b) there does not need to be a substantial investigation to determine the facts;
- c) there is no need for a criminal or employment investigation into the actions of the officers complained about;
- d) some redress or other action to resolve the issues raised by the complaint is practicable.

Complaints in this category can range from the serious to the relatively minor. Their distinguishing feature is that they can be resolved quickly, efficiently and effectively. This means that complainants can receive timely redress, and that appropriate lessons can be learned by individual officers or Police as an organisation soon after the event.

Before a case with these characteristics are categorised, there will be a discussion with the District Professional Conduct Manager (and, if necessary, Police Professional Conduct at PNHQ) to discuss and agree on the appropriate actions and a timeframe within which they are to be undertaken. If no such agreement is reached, the case will not be made a Category 4.

## 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 concluded at the earliest possible opportunity.

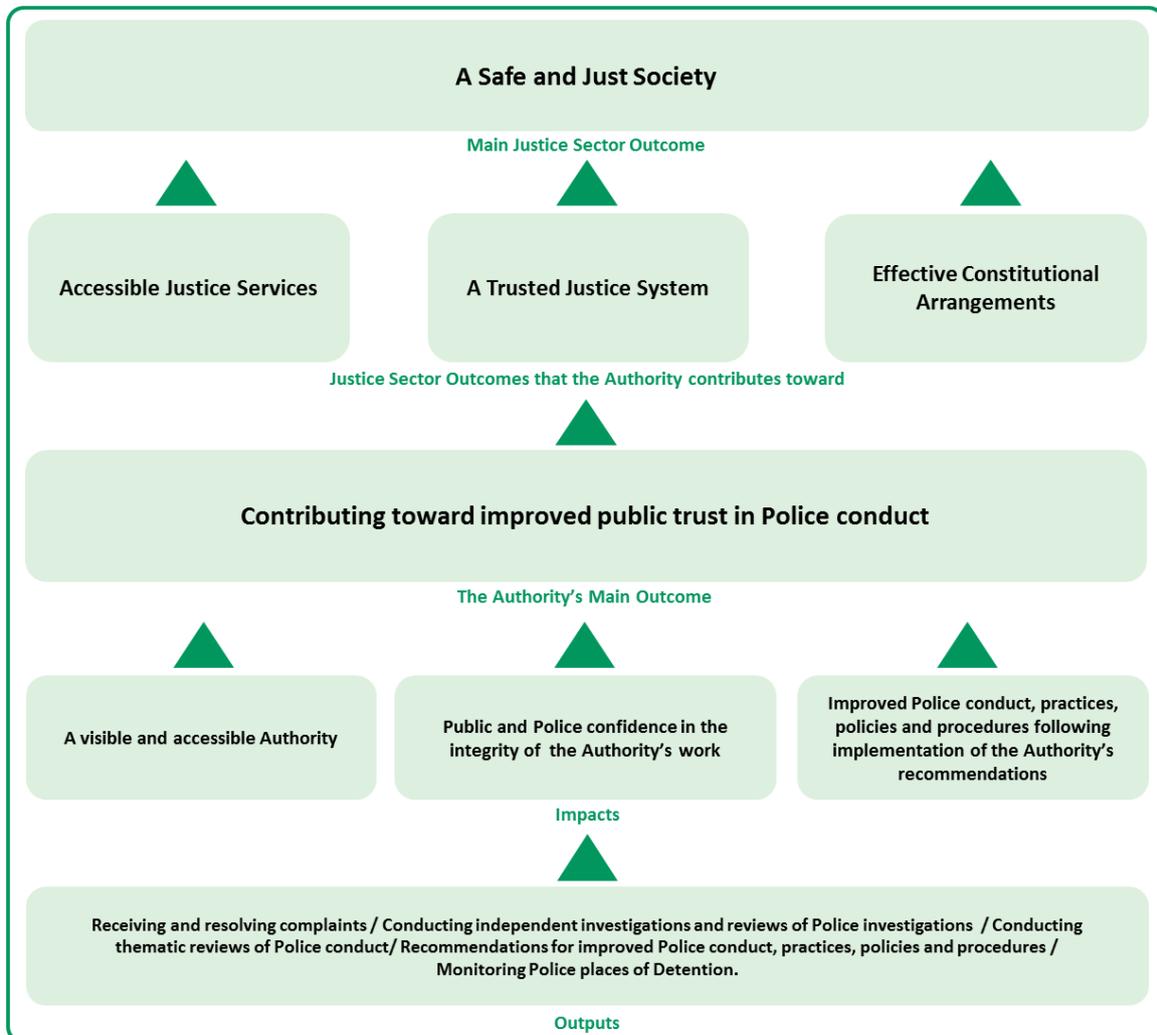
### **Guidelines**

This category of complaints has one or more of 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.

## OUR OUTCOMES FRAMEWORK

The Outcomes Framework below, detailed in the Authority's Statement of Intent, demonstrates the links between its outputs and the broader targets of the Justice Sector.



## Key measures for our outputs

The Authority expects to receive approximately 2,800 complaints (including notifiable incidents) in 2017/18, an increase of more than 7% over the previous year (and a 28% increase over the last 4 years). In the light of this volume pressure, the measures identified below represent fair and realistic performance targets for the Authority's management and staff to achieve.

The Authority adopted new processes for triaging and resolving complaints from January 2017. In order to reflect these new processes, some of the previous measures were refined and some new measures introduced as from 1 July 2017. These have now been further adjusted for 2018/19 to better reflect the performance the Authority strives to achieve across key areas.

### 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>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 able to be assessed without the need for additional information are categorised and decisions made about the appropriate actions are taken within 28 days	95%	The Authority's database
All new complaints and incidents requiring additional information to be supplied by Police or any other person are categorised and decisions made about the appropriate actions are taken within 56 days	85%	The Authority's database
Where a decision is made to take no action upon a complaint, the letters to Police and the complainant are issued within 21 days of making that decision	95%	The Authority's Database
Where a complaint discloses a reasonable grievance, the Authority and Police agree on the actions that are appropriate to resolve that grievance and the agreed actions are undertaken	95%	The Authority's Spreadsheet

Where the Authority receives an 'Expression of Dissatisfaction' <sup>1</sup> on any complaint, the final outcome of the Authority's review will be communicated to the complainant within 35 days of the expression of dissatisfaction being received	85%	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>
	<b>2018/19</b>	
Reviews of Category 2 cases will be completed by the Authority within 28 days of receiving the file or Final Report from Police <sup>2</sup>	90%	The Authority's database
Independent investigations carried out by the IPCA will be concluded as soon as practicable	90% within 12 months 99% within 24 months	The Authority's database
For each Category 1 case 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 spreadsheet and project plans
Reports as a result of Category 1 investigations are clear, consistent and well-structured and have well-argued conclusions <sup>3</sup>	100% of reports meet required standard	Five randomly selected reports are independently peer reviewed by an external reviewer.

**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>
	<b>2018/19</b>	
All systemic issues <sup>4</sup> identified by the IPCA relating to Police practices, policies and procedures are raised and discussed with Police and appropriate recommendations	100%	The Authority's database and Spreadsheet

<sup>1</sup> An 'Expression of Dissatisfaction' is recorded when the complainant provides the Authority with new evidence in support of their complaint or has a compelling argument that the existing evidence should be reconsidered.

<sup>2</sup> The 28-day period excludes any period during which the IPCA is awaiting further information requested from Police.

<sup>3</sup> The Authority produces approximately 30 public reports annually and selects five of these across a range of incidents for review.

<sup>4</sup> This excludes OPCAT issues, which are addressed under Output measure 4.

made where required, before the closure of the case

**Output measure 4: Monitor places of Police detention**

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2018/19</i>	
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
Reviews of the Police audits of District Custodial Management files, being conducted bi-monthly according to a programme agreed with Police, are completed with 60 days	100%	The Authority's Spreadsheet

## 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>2018/19</i>	
The community is informed of the Authority's role in enhancing Police accountability and improving Police performance; access to the Authority's services is readily available	<p>Strategies identified in the Authority's Community Engagement Plan that will be implemented in 2018/19 are:</p> <ul style="list-style-type: none"> <li>• increasing the amount of information available to the public on the Authority's work and complaint outcomes</li> <li>• presenting to targeted Police training courses in order to increase awareness of the Authority's role and functions</li> <li>• engaging with a sample of small communities around New Zealand to ascertain their views on the complexity of policing in such communities</li> <li>• developing and implementing connection with the wider community through the expanded use of social media</li> <li>• Widening circulation and use of the Authority's brochure.</li> </ul>	Identified action items will be completed within the time frames stipulated in the Plan.

### Impact measure 2: *Public and Police confidence in the integrity of the Authority's work*

<i>Measure</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>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 2017/18
Participants in surveys are satisfied with the Authority's investigation processes	75% are satisfied	Authority's complainant and Police satisfaction survey introduced in 2017/18
Participants in surveys are satisfied with the Authority's review processes	75% are satisfied	Authority's complainant and Police satisfaction survey introduced in 2017/18

Participants in surveys are satisfied with the Authority's facilitated resolution processes

75% are satisfied

Authority's complainant and Police satisfaction survey introduced in 2017/18

**Impact measure 3:** *Improved Police conduct, practices, policies and procedures following implementation of the Authority's recommendations*

*Measure*

*Performance target forecast*

*How it will be measured*

*2018/19*

Police accept Authority recommendations for changes and improvements in Police conduct, practice, policy and procedures

95%

The Authority's database, spreadsheet and Police 'Sentient' programme

## Annex 1: Forecast financial statements 2018/19 – 2020/21

Forecast Statement of Comprehensive Income for the year ended 30 June				
	Estimated Actuals 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
Revenue from Crown	4,111,000	4,892,000	4,671,000	4,750,000
Other Income	16,174	16,000	16,000	16,000
Interest income	36,057	25,394	20,658	38,774
<b>Total revenue</b>	<b>4,163,231</b>	<b>4,933,394</b>	<b>4,707,658</b>	<b>4,804,774</b>
<b>Expenditure</b>				
Remuneration to auditors	32,711	34,474	34,819	35,167
Amortisation	9,860	7,237	137,257	114,927
Communication charges	30,379	30,300	30,603	30,909
Depreciation	72,418	55,796	46,557	40,090
Personnel	3,274,721	3,662,955	3,579,326	3,575,589
Printing and stationery	15,705	18,180	18,362	18,545
Professional fees	200,618	156,853	158,422	160,006
Rent	398,948	397,062	400,900	404,775
Services and supplies	205,518	210,000	176,750	178,518
Subscriptions	12,214	12,272	12,394	12,518
Training	5,400	20,000	15,000	15,000
Travel and accommodation	113,967	110,000	111,100	112,211
<b>Total expenditure</b>	<b>4,372,458</b>	<b>4,715,129</b>	<b>4,721,489</b>	<b>4,698,225</b>
<b>Net comprehensive income for the year</b>	<b>(209,227)</b>	<b>218,265</b>	<b>(13,381)</b>	<b>106,519</b>

### Forecast Statement of Financial Position for the year ended 30 June

	Estimated Actuals 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
<b>Current assets</b>				
Cash & cash equivalents	145,634	74,191	239,092	193,948
Term Deposits	520,000	450,000	250,000	518,725
Accrued Interest	28,467	28,467	28,467	28,467
GST receivable	28,835	55,299	25,788	26,029
Work in Progress	13,253	492,420	-	-
<b>Total current assets</b>	<b>736,189</b>	<b>1,100,377</b>	<b>543,346</b>	<b>767,168</b>
<b>Non-current assets</b>				
Property, plant and equipment	251,959	221,163	199,606	184,515
Intangible assets	30,004	22,766	460,763	345,836
<b>Total non-current assets</b>	<b>281,963</b>	<b>243,929</b>	<b>660,368</b>	<b>530,351</b>
<b>Total assets</b>	<b>1,018,152</b>	<b>1,344,306</b>	<b>1,203,715</b>	<b>1,297,250</b>
<b>Current liabilities</b>				
Capital Contribution (Current)	12,222	12,222	12,222	12,222
Creditors and other payables	79,387	180,534	67,106	67,726
Employee entitlements	150,307	170,382	170,382	170,382
<b>Total current liabilities</b>	<b>241,916</b>	<b>363,138</b>	<b>249,710</b>	<b>250,330</b>
<b>Non-Current Liabilities</b>	<b>55,556</b>	<b>42,223</b>	<b>28,890</b>	<b>15,557</b>
<b>Net assets</b>	<b>720,680</b>	<b>938,945</b>	<b>925,115</b>	<b>1,031,633</b>
<b>Total public equity</b>	<b>720,680</b>	<b>938,945</b>	<b>925,115</b>	<b>1,031,633</b>

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

	Estimated Actuals 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
<b>Crown equity</b>				
Opening equity	929,907	720,680	938,945	925,115
Net comprehensive income for the year	(209,227)	218,265	(13,831)	106,519
Closing equity	<b>720,680</b>	<b>938,945</b>	<b>925,115</b>	<b>1,031,633</b>

## Forecast Statement of Cash Flows for the year ended 30 June

	Estimated Actuals 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
<b>Cash flows from operating activities</b>				
Cash will be provided from:				
Receipts from Crown revenue	4,111,000	4,892,000	4,671,000	4,750,000
Interest received	11,040	25,394	20,658	38,774
Other Income	16,174	16,000	16,000	16,000
Net GST received	24,139	(13,270)	14,717	(160)
Cash will be applied to:				
Payments to suppliers and employees	(4,508,645)	(5,036,567)	(4,157,221)	(4,556,033)
<b>Net cash flows from operating activities</b>	<b>(346,292)</b>	<b>(116,443)</b>	<b>565,154</b>	<b>248,581</b>
Cash will be provided from:				
Proceeds from term deposits	100,000	70,000	200,000	-
Cash will be applied to:				
Purchases of property, plant and equipment	(20,333)	(25,000)	(25,000)	(25,000)
Purchases of intangible assets	-	-	(575,253)	-
Acquisition of term deposits	(20,000)	-	-	(268,725)
<b>Net cash flows from investing activities</b>	<b>59,667</b>	<b>45,000</b>	<b>(400,253)</b>	<b>(293,725)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(286,625)</b>	<b>(71,443)</b>	<b>164,901</b>	<b>(45,144)</b>
Plus cash at the start of the year	432,259	145,634	74,191	239,092
<b>Cash held at the end of the year</b>				
Represented by:				
Cash & cash equivalents	145,634	74,191	239,092	193,948

## 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 audited results for 2016/17; the known 2017/18 expenditure to 31 March 2018 and the anticipated out-turn as at 30 June 2018.

#### 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.

#### 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 have been prepared in accordance with New Zealand Public Benefit Entity (NZ PBE) International Public Sector Accounting Standards (IPSAS). These prospective financial statements are compliant with Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS-42).

##### *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.

### 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
----------	----------

## 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 Public Benefit Entity (NZ PBE) International Public Sector Accounting Standards (IPSAS), 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 IPSAS 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.

These forecast financial statements are based on IPCA 2017 results and have been prepared on the basis of assumptions as to future events that IPCA expects to reasonably occur, associated with the actions it reasonably expects to take.

The main assumptions are as follows:

- Operating costs are based on historical experience. The general historical pattern is expected to continue.
- IPCA activities will remain substantially the same as the previous year.

There are no significant events or changes that would have a material impact on IPCA's 2018 forecast.





PO Box 25221, Wellington 6146  
Freephone 0800 503 728  
[www.ipca.govt.nz](http://www.ipca.govt.nz)