

INDEPENDENT POLICE CONDUCT AUTHORITY

Statement of Performance Expectations - 2019/20

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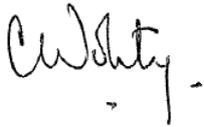
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Preamble

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 2017/18–2020/21 Statement of Intent and describes the Authority's performance measures and annual forecast financial statements for the 2019/20 year.

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 2019/20

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 2019/20 financial year, the Authority's Vote Justice revenue will be \$4.752 million (GST exclusive). All figures in this document are GST exclusive.

SCOPE OF APPROPRIATION

This appropriation is limited to investigating incidents, investigating and resolving complaints against the Police, and upholding the rights of persons in Police detention. The appropriation is intended to ensure the fair, 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. A substantial increase in the volume of cases during the 12 months has put an increasing strain on the Authority's existing capacity to meet demand.

Personnel expenditure represents 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 recruit and retain experienced and qualified people.

We have made a significant capital investment during 2018/19 to replace our dated and inefficient case management system. The new system is expected to be fully operational by July 2019. Efficiency gains in managing cases under the new system are expected to partially alleviate the pressures on current resources.

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 2019/20

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 **\$5,103,003**

Forecast revenue:

Forecast Revenue Crown	\$4,671,000
Forecast interest revenue	\$56,587
Forecast other revenue	\$31,000
TOTAL: Forecast revenue	\$4,758,587

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. Historically these have been defined 1, 2, 4 and 5. (Category 3 is an historical category no longer in use).

The Statement of Performance Expectations – 2019/20 changes the definitions, from 1 July 2019, to categories A, B, C, D

Category A – 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 A 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 A 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 B – 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.

At the conclusion of the Police investigation it is subject to a full, independent review to confirm that all complaint issues have been addressed and that the outcomes achieved are in accordance with the weight of evidence. The Authority makes its own findings and reports these to the Commissioner and, where applicable, the complainant.

Category C – 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 C.

Category D – 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. This decision will only be made after appropriate research, collation and analysis of available information relating to the complaint has been undertaken.

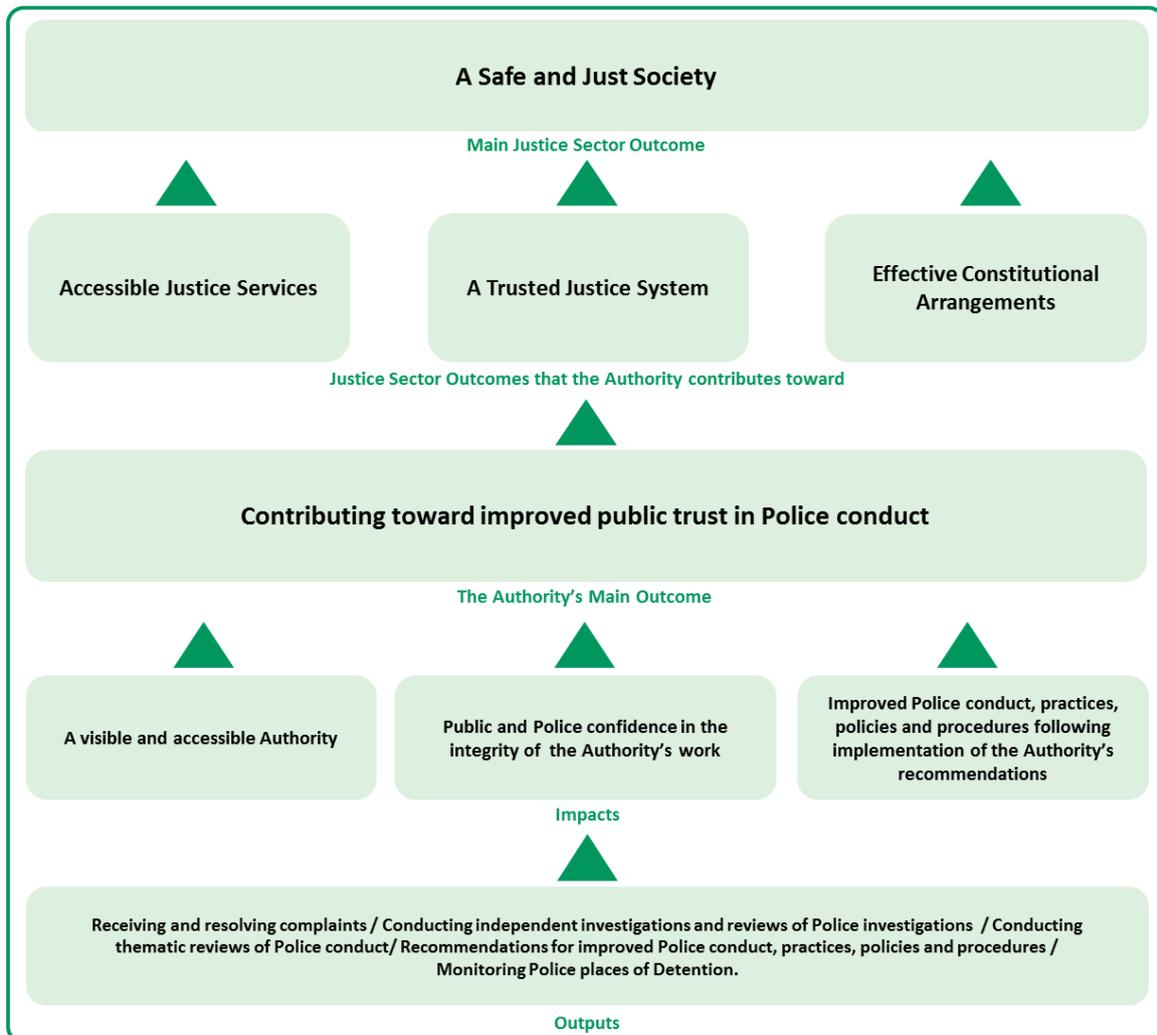
Guidelines

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 2950 complaints (including notifiable incidents) in 2018/19, an increase of more than 14% over the previous year. These cases are also becoming more complex and serious, so that a greater proportion are requiring independent investigations or a greater degree of oversight when they are referred for a Police investigation. In the light of this some targets have been modified to take account of the increase in volume and complexity within our current resource base. In particular the performance target for Output measure 1 relating to those complaints requiring additional information to be supplied by police or other persons prior to categorisation, has been lowered.

The performance targets identified below are in the Authority's view fair and realistic.

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>2019/20</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	80%	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 database

Where the Authority receives an 'Expression of Dissatisfaction' ¹ 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
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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>
	2019/20	
Reviews of Category B cases will be completed by the Authority within 28 days of receiving the file or Final Report from Police ²	90%	The Authority's database
Independent investigations carried out by the IPCA will be concluded as soon as practicable ³	90% within 12 months 99% within 24 months	The Authority's database
For each Category A 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 A investigations are clear, consistent and well-structured and have well-argued conclusions ⁴	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>
	2019/20	

¹ 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.

² The 28-day period excludes any period during which the IPCA is awaiting further information requested from Police or a draft final report or letter is awaiting submission from Police.

³ The 12 month and 24 month periods exclude any period during which a draft final report or letter is awaiting submission from Police.

⁴ The Authority produces approximately 30 public reports annually and selects five of these across a range of incidents for review.

All systemic issues ⁵ identified by the IPCA relating to Police practices, policies and procedures are raised and discussed with Police and appropriate recommendations made where required, before the closure of the case	100%	The Authority's database
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Output measure 4: Monitor places of Police detention

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2019/20</i>	
All systemic custodial management issues in Category A and Category B cases 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

⁵ This excludes OPCAT issues, which are addressed under Output measure 4.

Impact measures

Impact measure 1: A more visible and accessible Authority

<i>Measure</i>	<i>Performance target forecast</i> <i>2019/20</i>	<i>How it will be measured</i>
<p>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>	<p>Strategies identified in the Authority’s Community Engagement Plan that will be implemented in 2019/20 are:</p> <ul style="list-style-type: none"> • connecting with the wider community, especially those people in sectors most likely to have involvement with Police (for example youth, people with mental health issues); • engaging with Police by presenting to specific Police training courses in order to increase awareness of the Authority’s role and functions; • developing and implementing connection with the wider community through the expanded use of social media 	<p>Identified action items will be completed within the time frames stipulated in the Plan.</p>

Impact measure 2: *Improved 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>
	2019/20	
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*

<i>Measure</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	2019/20	
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 2019/20 – 2021/22

Forecast Statement of Comprehensive Income for the year ended 30 June				
	Estimated Actuals 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
Revenue from Crown	4,992,000	4,671,000	4,750,000	4,797,000
Other Income	41,001	31,000	16,000	16,000
Interest income	40,270	56,587	40,463	34,078
Total revenue	5,073,271	4,758,587	4,806,463	4,847,078
Expenditure				
Remuneration to auditors	34,474	34,819	35,167	35,519
Amortisation	7,237	42,094	34,904	26,178
Communication charges	30,300	30,603	30,909	31,218
Depreciation	58,234	53,576	49,053	57,647
Personnel	3,454,007	3,877,046	3,860,899	3,827,570
Printing and stationery	18,180	18,362	18,545	18,731
Professional fees	229,751	170,000	171,700	173,417
Rent	420,289	424,359	440,923	439,977
Services and supplies	210,000	309,750	312,348	314,971
Subscriptions	12,272	12,394	12,518	12,643
Training	20,000	30,000	25,000	25,000
Travel and accommodation	130,000	100,000	101,000	102,010
Total expenditure	4,628,077	5,103,003	5,092,967	5,064,881
Net comprehensive income for the year	445,193	(344,417)	(286,504)	(217,803)

Forecast Statement of Financial Position for the year ended 30 June

	Estimated Actuals 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
Current assets				
Cash & cash equivalents	1,046,269	939,929	729,964	550,385
Term Deposits	330,000	40,000	-	-
Accrued Interest	37,090	37,091	37,091	37,091
GST receivable	44,858	30,586	30,740	30,550
Work in Progress	100,000	-	-	-
Total current assets	1,558,217	1,047,605	797,794	618,025
Non-current assets				
Property, plant and equipment	225,331	216,755	200,702	176,055
Intangible assets	30,610	148,515	113,611	87,433
Total non-current assets	255,941	365,270	314,313	263,488
Total assets	1,814,158	1,412,875	1,112,107	878,513
Current liabilities				
Capital Contribution (Current)	13,333	13,333	13,333	14,444
Creditors and other payables	126,786	83,252	82,323	81,751
Employee entitlements	203,795	203,795	203,795	203,795
Total current liabilities	343,914	300,380	299,451	299,990
Non-Current Liabilities	80,556	67,223	53,890	40,558
Net assets	1,389,688	1,045,272	758,766	540,963
Total public equity	1,389,688	1,045,272	758,766	540,963

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

	Estimated Actuals 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
Crown equity				
Opening equity	940,901	1,389,688	1,045,272	758,766
Net comprehensive income for the year	445,193	(344,417)	(286,504)	(217,803)
Closing equity	1,389,688	1,045,272	758,766	540,963

Forecast Statement of Cash Flows for the year ended 30 June

	Estimated Actuals 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$	Forecast 2021/22 \$
Cash flows from operating activities				
Cash will be provided from:				
Receipts from Crown revenue	4,992,000	4,671,000	4,750,000	4,797,000
Interest received	44,335	56,587	40,463	34,078
Other Income	41,001	31,000	16,000	16,000
Net GST received	(28,956)	8,594	(275)	116
Cash will be applied to:				
Payments to suppliers and employees	(4,480,903)	(4,945,188)	(5,009,820)	(4,980,440)
Net cash flows from operating activities	567,477	(178,007)	(203,632)	(133,246)
Cash will be provided from:				
Proceeds from term deposits	70,000	290,000	40,000	-
Cash will be applied to:				
Purchases of property, plant and equipment	(40,000)	(45,000)	(33,000)	(33,000)
Purchases of intangible assets	-	(160,000)	-	-
Acquisition of term deposits	-	-	-	-
Net cash flows from investing activities	30,000	85,000	7,000	(33,000)
Net cash flows from financing activities	(13,333)	(13,333)	(13,333)	(13,333)
Net increase/(decrease) in cash held	584,144	(106,340)	(209,965)	(179,579)
Plus cash at the start of the year	462,125	1,046,269	939,929	729,964
Cash held at the end of the year	1,046,269	939,929	729,964	550,385
Represented by:				
Cash & cash equivalents	1,046,269	939,929	729,964	550,385

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 2017/18; the known 2018/19 expenditure to 31 March 2019 and the anticipated out-turn as at 30 June 2019.

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
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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 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.



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