

Independent Police Conduct Authority
ANNUAL REPORT
2009 – 2010



TO: THE HONOURABLE MINISTER OF JUSTICE

I have the honour to present to Parliament the Annual Report of the Independent Police Conduct Authority pursuant to the provisions of the Crown Entities Act 2004.

The report covers the period 1 July 2009 to 30 June 2010.



The Hon. Justice Goddard

CHAIR, INDEPENDENT POLICE CONDUCT AUTHORITY

November 2010

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Foreword

INDEPENDENT POLICE CONDUCT AUTHORITY

The 2009/10 year marked twenty-one years of civilian police oversight in New Zealand by the Independent Police Conduct Authority and its predecessor the Police Complaints Authority. As with any 21st anniversary, it represented an age of transition for the Authority, its staff and functions.

During the period under review, the Authority implemented the final recommendation made in respect of its operations by the 2007 Commission of Inquiry into Police Conduct, relating to surveys of complainants. The Authority issued fifteen public reports, the greatest number in its history. It established office premises in Auckland, providing a valuable base for the Authority to carry out its work in our busiest metropolitan centre. Public accessibility was further improved through adoption of the Language Line translation service. The Authority has implemented a system of full electronic filing and management of most complaints, which is enhancing communications between complainants, the Authority and Police. The year has also seen the completion of change management processes to ensure continuing efficiency and greater effectiveness. The Authority has continued to make good progress to reduce the backlog of complaints that are more than 12 months old, from a high of 1611 files in 2007, to 16 such files in 2010.

The Authority has expanded its important work in the field of human rights. The Authority is part of an international collection of agencies responsible for monitoring conditions in places of detention to ensure they are safe, humane, and meet United Nations standards. This is a requirement under the Optional Protocol to the Convention Against Torture (OPCAT), ratified by the New Zealand Government in 2007. New Zealand is one of 57 nations that has ratified the OPCAT. This year, for the first time, the Annual Report devotes a specific chapter to the Authority's OPCAT work, because of its growing domestic and international significance.

During the 2009/10 year the Authority produced public reports from several high profile investigations. It reported on Part I of the significant and complex inquiry into the management of Child Abuse Investigations; the Police response to the shooting of Manukau liquor store owner Navtej Singh; the review of 137 Police pursuits reported over 5 years; and two fatal shootings by Police. These reports have attracted positive and useful comment from the public and from other sections of the justice sector.

The Authority's investigators are now making use of new software tools to process and analyse large volumes of data and documents during complex investigations. One such investigation utilised social media including *facebook* and text messaging, to contact 78 young people who were possible witnesses to an event that generated a complaint about Police conduct.

Public debate about fundamental matters of Police operations in New Zealand has been vigorous during the year in review. In large part this has been influenced by the recent deaths of Police officers in the line of duty: Sergeants Derek Wootton and Don Wilkinson in 2008 and Senior Constable Len Snee in 2009; as well as by the shooting of other officers and the killing of a Police dog in 2010. Questions have been asked as to whether Police should more routinely and visibly carry firearms. The incidence of death and serious injury resulting from incidents where drivers and Police have engaged in a pursuit has prompted public commentary. There has been discussion of whether new DNA powers are being correctly used, and if the rollout of Tasers was appropriate in the New Zealand context. Those debates are healthy and while the outcomes will always remain political or operational decisions involving the Commissioner of Police, the Authority can provide public confidence through independent oversight of Police conduct, practice, policy and procedures.

Looking ahead, the forthcoming year will pose fresh challenges for Police and Police oversight. There will be a transition to a new Police Commissioner, and the Authority wishes to place on record the importance it attaches to an open and professional working relationship with whoever fills that significant role, and to offer its best wishes for the future to the outgoing Commissioner. The position of Police Commissioner is one of the most demanding in the public service. The heavy requirements for policing the Rugby World Cup in late 2011 will also require much focus and dedication from frontline Police officers and their managers. Again, the Authority's role is to ensure the public can have confidence in its Police through proven commitment to independent Police oversight.



THE HON JUSTICE LOWELL GODDARD
CHAIR



About the Authority

INDEPENDENT POLICE CONDUCT AUTHORITY

LEGISLATION

The Authority operates under the mandate of three key pieces of legislation: The Independent Police Conduct Authority Act 1988; the Crimes of Torture Act 1989; and the Crown Entities Act 2004.

Independent Police Conduct Authority Act 1988

The Authority is established under the Independent Police Conduct Authority Act 1988. It is an Independent Crown Entity. Under the Act, its purposes are to:

- receive complaints (i) alleging misconduct or neglect of duty by any Police employee or (ii) concerning any Police practice, policy or procedure affecting a complainant; or
- investigate incidents in which a Police employee (acting in the execution of his or her duty) causes or appears to have caused death or serious bodily harm.

The Authority also has a Memorandum of Understanding with the Police, under which internally reported serious misconduct or serious neglect of duty is referred to the Authority and thereafter treated in the same manner as a complaint.

Under section 17 of the IPCA Act, when the Authority receives a complaint, it can investigate the complaint itself, or refer it to the Police for investigation under the Authority's oversight (which may include direction of the Police investigation, oversight, or review/audit upon completion of the Police investigation); or defer action or take no action.

Current practice now is for the majority of complaints to be referred for Police investigation under the Police Code of Conduct, while the most serious are retained for investigation by the Authority. The Authority has criteria – based on factors such as seriousness and public interest in the incident – to guide decisions on how a complaint should be handled. Often, there will be simultaneous Authority and Police investigations, with the Police investigations covering criminal and/or Police Code of Conduct matters.

On completion of an investigation by the Authority or the Police, the Authority will determine whether there was any breach of practice, policy or procedure, and whether any Police act or

omission was contrary to law, unreasonable, unjustified, unfair, or undesirable (sections 27 and 28 of the Act).

The Authority can make recommendations, including recommendations for disciplinary or criminal proceedings, and the Commissioner must notify the Authority of any action taken to implement the recommendation or give reasons if the Police are not prepared to implement it. In practice, most recommendations relate to improvements in policy or practice.

The Authority receives approximately 2,000 complaints and incident notifications every year, and in order to allocate resources most effectively, it categorises cases by level of seriousness. The categories are as follows:

- **Category 1:** Serious criminal offending – IPCA investigation or oversight. This covers all instances of death or serious bodily harm associated with Police actions, and serious complaints with high public interest. Complaints could relate to serious criminal offending, corrupt practices, sexual offending, and serious misconduct or serious neglect of duty. The Authority's investigators will independently investigate or actively oversee Police investigations in this category.
- **Category 2:** Serious – Police investigation. This covers incidents that may lead to prosecution of Police officers, for example allegations of assault, excessive use of force, misuse of authority, unlawful arrest or detention, and failing to investigate. The Authority will review Police handling of all Category 2 complaints.
- **Category 3:** Significant complaints of substance. These could include, for example, minor or non-injury assaults, property damage, serious traffic matters, or a failure to report significant matters.
- **Category 4:** Conciliation. Complaints in this category are defined as those most appropriate for conciliation. They include, for example, excessive delay, inappropriate racial comments, serious discourtesy, minor policy breaches and minor traffic matters, and inappropriate use of any Police information system not amounting to corruption.
- **Category 5:** No further action. Complaints are defined as minor, or older than 12 months at the time of reporting, or complaints that have been declined by the Independent Police Conduct Authority but may still be of interest to the Police. These minor complaints require no action by the Authority, or relate to incidents where the person affected is not known or does not want action taken. Examples include attitude or language complaints, failing to act in good faith, and where the aggrieved person does not make a formal complaint.

Crimes of Torture Act 1989

The Authority has international responsibilities under the Crimes of Torture Act 1989 as a National Preventive Mechanism (NPM) responsible for monitoring places of Police detention, such as cells and vehicles. This is distinct from the Authority's role handling complaints about Police conduct.

Following amendments to the Crimes of Torture Act in 2006, in March 2007 the New Zealand Government was able to ratify the Optional Protocol to the Convention Against Torture (OPCAT), part of a United Nations human rights treaty.

The Crimes of Torture Act requires the Authority to monitor conditions of detention in Police custody to ensure they are safe and humane and meet international standards. The Authority reports annually to the Human Rights Commission, which collates the Authority's report with those of other NPMs (such as the Office of the Ombudsmen and the Office of the Children's Commissioner) and formally presents it to Parliament and to the United Nations.

MEMBERSHIP

The Authority is governed by a Board which may comprise up to five people but during part of the period under review comprised three: Chair Justice Lowell Goddard, Allan Galbraith, and Mel Smith. Mr Smith served as a Board member until November 2009.

The board is supported by a corporate services manager and his team; an investigations group; a complaints management group; and the Child Abuse Inquiry team which reports directly to the Board.

In September 2010 three additional Board members were appointed: Angela Hauk-Willis; Dianne Macaskill; and Richard Woods. They will contribute a range of specialist expertise and governance skills to the Board's work.

INDEPENDENT ROLE

Under the Independent Police Conduct Authority Act, the Authority is required to be independent. 'Independence' means the Authority makes its own judgements about the facts, based on the evidence available and the applicable law.

The Authority has evolved in recent years, from being largely dependent on Police investigative resources, to now transparently exercising its independence by undertaking its own investigations into serious matters and publicly reporting on these when it deems that to be in the public interest, and actively monitoring less serious complaints which the Authority refers for the attention of Police.

Three critical independence factors govern the Authority.

1. Statutory independence

The Authority is statutorily independent by virtue of its Act and the Crown Entities Act. That statutory independence is critical for its effectiveness.

2. Operational independence

In practical terms, operational independence means that the Authority is able to carry out its own investigations, to independently oversee Police investigations, to conduct its own reviews, and to monitor Police performance – without undue reliance on Police.

3. Impartiality

The Authority regards it as fundamentally important to act impartially in all its dealings and takes great care to do so, and to be seen to do so.

The Authority's investigators have extensive policing experience either in New Zealand or in other Commonwealth countries. No serving member of any Police service is employed in the Authority, and it has policies and procedures to identify and manage possible conflicts of interest. The investigators work with lawyers and analysts and are accountable to the Authority Chair and Board.

WORKING RELATIONSHIP WITH POLICE

It is both appropriate and a practical necessity for the Authority to maintain a professionally co-operative relationship with the Commissioner of Police, the Police executive, senior commanders, professional standards staff, and investigators.

In addition to the statutory jurisdiction of the Authority, a Memorandum of Understanding (MOU) with the Police provides for matters of serious misconduct or neglect of duty internally reported within the Police to be notified to the Authority, and for the Authority to deal with them as if they were complaints.

In addition, when the Authority and Police investigators are both investigating a serious complaint or incident, procedures to be followed have been agreed in a protocol for co-operation. In broad terms this protocol defines the respective responsibilities of the two organisations when running 'parallel' investigations.



Independence
trustworthiness
accountability
vigilance
integrity

Operating Framework

INDEPENDENT POLICE CONDUCT AUTHORITY

Vision Statement

Increased public confidence through improvements in Police performance as a consequence of the oversight of the Independent Police Conduct Authority.

Mission Statement

Whaia te pono, kia puawai ko te tika

"Seek out the truth, that justice may prevail"

STRUCTURE

Since late 2007 the Authority has undergone significant structural and operational change to improve its overall performance and capability to ensure cost-effective use of its resources. A recent assessment has been undertaken to determine what further refinements will contribute to achieving the Authority's desired outcomes.

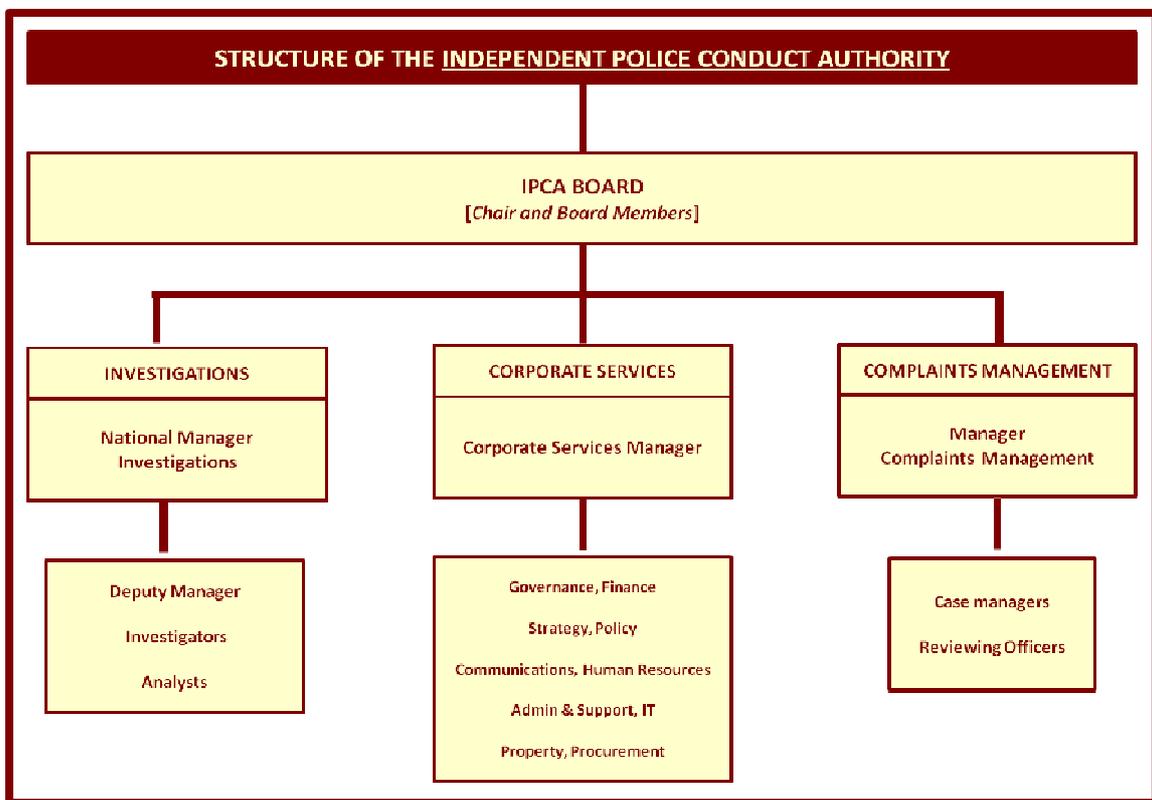
Key findings from that assessment note that the Authority has shifted its strategic direction to focus on areas with the most significant ability to affect public trust and confidence in the New Zealand Police. This includes influencing Police professional standards and policy through activities such as carrying out detailed reviews of recurring issues, fully independent and comprehensive investigations into serious incidents and complaints, increasing numbers of high quality and relevant public reports, and oversight of the Police complaints management process.

Despite this considerable progress, the Authority still felt it faced some barriers to continued improvement, particularly in respect of its ability to be an efficient and effective organisation in the future. Further change was therefore required. A series of changes that will better clarify governance and operational management within the Authority, streamline core activities, and better reflect our desired strategic direction are in the process of being implemented for the 2010/11 financial year. Key aspects of these changes include:

- an emphasis on more effective separation between governance and management and the introduction of additional independent Board members with appropriate governance expertise;
- enhanced corporate services to better meet reporting and monitoring requirements, particularly in regard to organisational performance;
- combining the review of Police internal investigations and case management functions (with a new management role overseeing both areas) to further streamline processes associated with complaint management and the review and audit of Police investigations; and,
- strengthening the management and leadership in the important area of investigations with the appointment of two new management positions: National Manager, Investigations and Deputy Manager, Investigations.

As a consequence of these changes the Authority’s organisational structure has evolved into that outlined in the diagram below.

IPCA Organisational Structure



EQUAL EMPLOYMENT OPPORTUNITIES

The Authority has an EEO policy and is an equal opportunities employer in its recruitment and staff development practices. It carries out Good Employer practices in its human resource management. The Authority has documented human resource policies.

The Authority has a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment.

The Authority will consult with staff on issues of concern and conduct and review existing policies, practices, documents and systems in all areas of business to ensure equal opportunities in recruitment, appointment, development, promotion and remuneration.

Complaints and Investigations

Independence
trustworthiness
accountability
vigilance
integrity

INDEPENDENT POLICE CONDUCT AUTHORITY

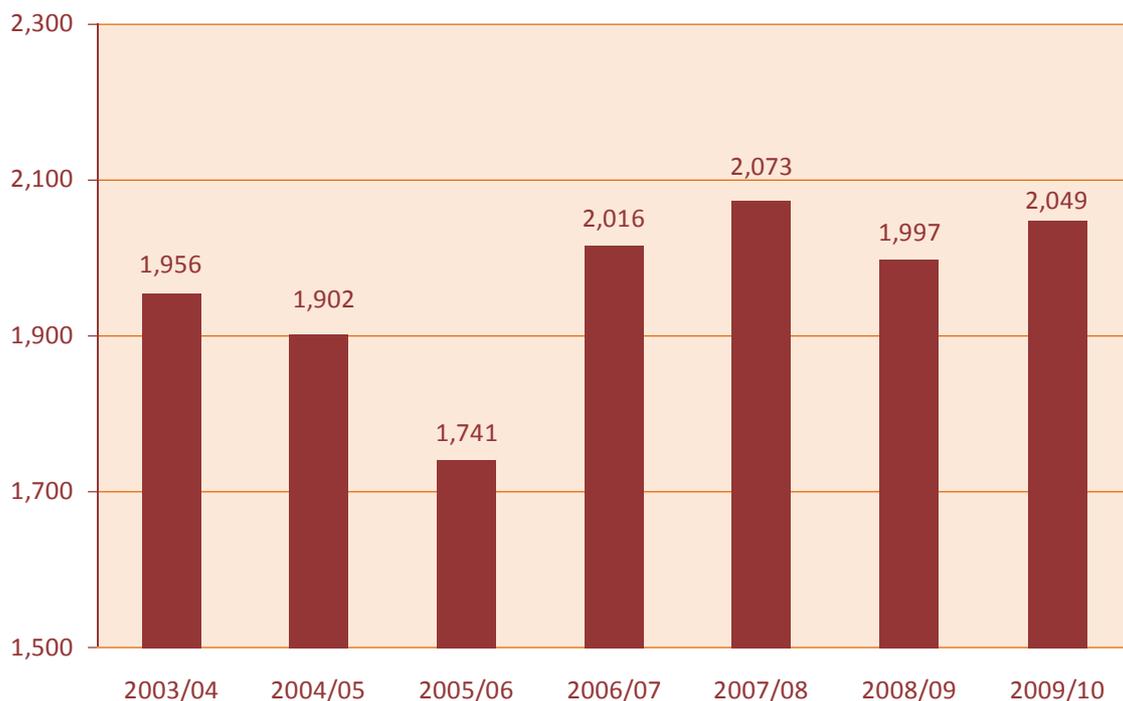
COMPLAINTS MANAGEMENT GROUP

The Complaints Management Group handles incoming complaints. It also manages the relationships with complainants and the Police when a complaint is referred to Police for investigation, and manages the reviewing and auditing of the Police handling of such cases. Restructuring during the 2009/10 year saw the Complaints Management Team and the Review Team merged into the Complaints Management Group.

Number and workload

There were 2049 complaints received during the year, an increase of 2.6 percent over the previous year. However it is short of the highest annual total, which was 2,073 during the 2007/08 year.

Complaints Received, by Year



Files

The Authority began the financial year with a total of 959 open complaint files. It received 2049 and closed 2240 during the year. At the end of the financial year, there were 768 open complaint files.

Age of complaints

The Authority continues to make good progress in reducing a backlog of complaints. At the end of 2009/10 there were 16 files where the complaint was more than 12 months old. A further six files older than 12 months were awaiting disposition, but were subject to court processes outside the immediate control of the Authority.

The reduction in the backlog of older complaints is regarded by the Authority as a significant performance achievement for a small organisation. The number of older files has reduced from a high of 1611 in 2007; to 211 in 2008; and 30 in 2009.

Heads of Complaint

Within each individual complaint there may be several separate Heads of Complaint. For example, a person may allege *failure to investigate* and also complain about *attitude/language* arising out of the same incident.

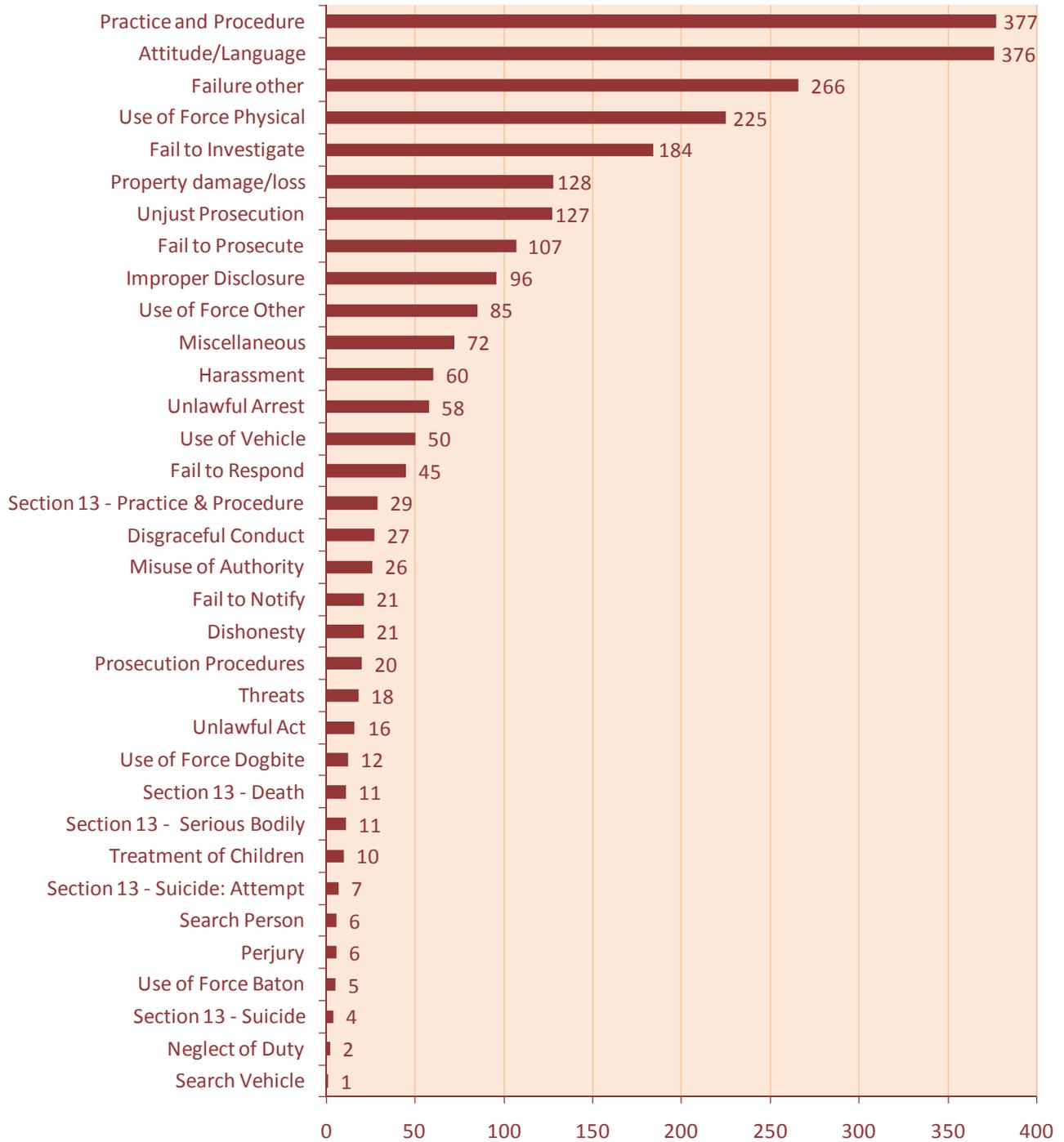
During 2009/10 a total of 2,833 Heads of Complaint were received, and 2509 were accepted. The comparable figure for the 2008/09 year was 3090 received, and 2331 accepted.

Heads of Complaint are classified under more than thirty separate headings.

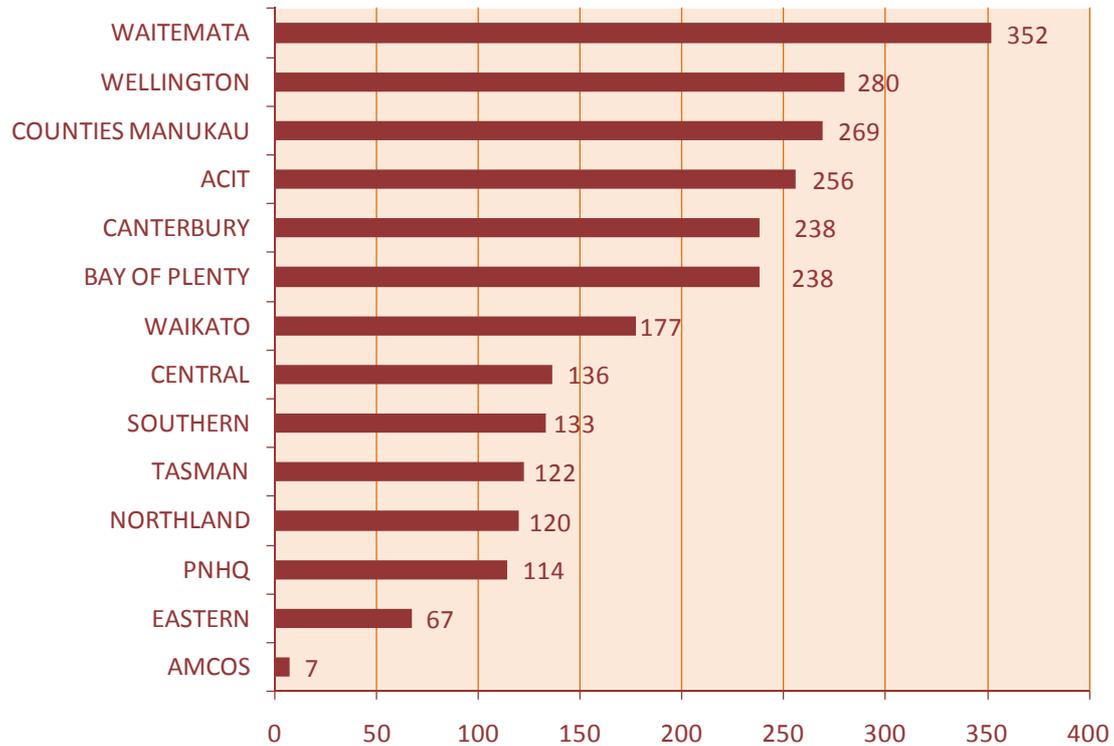
The most common Heads of Complaint accepted for investigation by the Authority were:

- complaints about Police *practice and procedure* (377)
- complaints about Police *attitude and/or language* (376)
- complaints about Police *failure-other*, for example, failure to provide food and water, or failure to secure an impounded car (266)
- complaints about Police *use of force-physical* (225)
- complaints about Police *failure to investigate* (184)

Heads of Complaint Accepted, by Category, 2009/10



Heads of Complaint Accepted, by District, 2009/10



The complaints can also be classified by District. There are 12 Police Districts, and two further administrative structures: Police National Headquarters (PNHQ) and the Auckland Metro Crime and Operations Support (AMCOS). The Districts with the highest number of accepted Heads of Complaints were; Waitemata; Wellington; Counties Manukau; Auckland City; Canterbury and Bay of Plenty.

INVESTIGATIONS GROUP

The Investigations Group comprises eight investigators and seven support staff including analysts, legal researchers, and data entry assistants.

During the 2009/10 year the Authority produced public reports from several high profile investigations. It reported on Part I of the significant and complex inquiry into the management of Child Abuse Investigations; the Police response to the shooting of Manukau liquor store owner Navtej Singh; the review of 137 Police pursuits reported over 5 years; and two fatal shootings by Police.

Eighty-eight recommendations were made by the Authority to Police. Seven have been accepted and implemented, and the remaining 81 have been accepted and are in the process of implementation. A further four recommendations were made as part of the review of Police pursuits, and these are the subject of ongoing dialogue with the Commissioner of Police.

Investigators have made use of new software tools, known as *i2* and *Summation*, to process and analyse large volumes of data and documents during complex investigations. Social media such as *facebook* and text messaging was used to contact 78 young people who were possible witnesses to an incident that generated a complaint about Police conduct.

There were 81 investigation files open on 1 July 2009. The Authority opened 69 investigations during the year and 80 investigations were closed. At the end of the financial year there were 70 open investigation files.

While the number of public reports issued during the year has been dominated by incidents involving Police pursuits, the Authority's Inquiry into Child Abuse Investigations, Part I, was the most significant of all investigations undertaken during 2009/10 in terms of the level of resources committed by the Authority.

Child Abuse Inquiry, Part I

The Authority released the report of Part I of its *Inquiry into Police Conduct, Practices, Policies and Procedures Related to the Investigation of Child Abuse* in May 2010.

During the course of the inquiry, the Authority Chair, Justice Goddard, conducted examinations on oath of many senior Police officers, including the Commissioner of Police, as well as senior executives of several Government agencies, such as the Ministry of Social Development and Child, Youth and Family.

Part I focused on general systemic issues in relation to Police investigations of child abuse, which the Authority considered needed urgent action to prevent a recurrence of the types of failures seen in the Wairarapa and elsewhere. It concluded with 34 recommendations. The public and Police response to this report has been extremely positive.

The Inquiry team then focused on Part II of the Inquiry which addresses the specific circumstances and reasons for the failures in particular areas, most notably in the Wairarapa which was the subject of the original complaint to the Authority.

In response to the Authority's recommendations the Commissioner of Police established an implementation team under the leadership of Assistant Commissioner Grant Nicholls to address the recommendations with urgency.

The Commissioner has publicly identified the implementation of the recommendations from Part I of the Inquiry as the top item on his 'to do list' before completing his term of office.

New Zealand has a sad history of child abuse. In addition to intense domestic concern on the subject, New Zealand has international obligations as a signatory to the United Nations Convention on the Rights of the Child. Child abuse is however a community problem and Police are just one of a number of agencies with responsibility to protect children at risk.

Navtej Singh

At the time it was issued, the Authority's report on its investigation into the Police response to the shooting of Manukau liquor store owner Navtej Singh was one of the most detailed and extensive ever carried out by the Authority. Investigators independently interviewed 48 people, including Police operational and communications staff, St John Ambulance paramedic and communications staff, medical experts, and family and friends of Mr Singh who were at the store on the night of the armed robbery.

The Authority found that the delay in Police attending the liquor store, and as a consequence the delay in Mr Singh receiving emergency medical treatment, could not be justified and was undesirable. The delay was not caused by any single failing but rather by a series of procedural, and command and control failures.

The overall effect of the catalogue of events which together conspired to create a delay in the Police response and a consequential delay in getting emergency medical attention to Navtej Singh, was arguably a breach of the Police duty of care to preserve life.

Police Pursuits

During the 2009/10 year the Authority opened files on 28 incidents involving Police pursuits. Eighteen of these involved death or serious injury. There were nine deaths. Of the fifteen public reports released in total by the Authority during the year, seven were concerned with Police pursuits resulting in death or serious injury.

During the year the Authority released the report of its review of Police pursuits: *Review of Police Pursuits*. It recommended that Police amend their pursuit policy to provide clearer guidance to officers as to when to start a pursuit.

The review analysed 137 pursuits involving death or serious injury that had been reported to the Authority over a period of five years from 19 December 2003. During that period, 24 people died and 91 received serious injuries in Police pursuits. It is notable that about 2000 pursuits take place each year.

The review found most of the 137 pursuits were commenced in response to traffic offending rather than criminal offending, though 31 were commenced in response to known or suspected criminal offending (the majority being car conversion and other property offences). Relatively

few pursuits yielded evidence of serious crimes other than the Transport Act offences that were triggered or occurred while the offender was being pursued.

Most of the pursued drivers were young men, many of whom were unlicensed or disqualified and had records of traffic or other offending but did not have criminal records.

The decision whether to pursue or not must be made swiftly and requires a balancing of risks in the public interest. The Authority also recommended that Police be required to base their decision to pursue on an assessment of known facts, rather than simply speculation about a driver's reasons for failing to stop. Failing to stop when directed to do so by a Police officer is an offence, but statistics establish that drivers who failed to stop may not have been seeking to evade apprehension for some serious offence, but rather, may have panicked when confronted by the Police.

In making these recommendations, the Authority acknowledged the very considerable efforts by Police to improve pursuit policy, management and training in recent years, and also the considerable assistance provided by the Police to the Authority's review.

Following the release of the Authority's *Review of Police Pursuits* in October 2009, and the subsequent release by Police of their *Pursuit policy review* in July 2010, the Authority is assessing the policy changes recommended in the Police review and will consider whether there is a need for further specialist work by the Authority in this area. We note there has been a call, by an interest group, for a Royal Commission of Inquiry into road safety, including the question of Police pursuits. In our view Police pursuit policy can, if necessary, be influenced most effectively by the Authority, which has all the powers of a Commission of Inquiry in addition to its powers of investigation.

Fatal shootings

During the year the Authority released reports into two fatal shootings by Police, regarding Lee Jane Mettam in Whangarei in October 2008, and Shayne Richard Sime in Christchurch in June 2009.

In both cases, the Authority found that the Police officers who fired the shots were lawfully justified in their use of force, in light of the immediate threat of death or grievous bodily harm to themselves or members of the public.

The Auckland coroner adopted the conclusions reached by the Authority in the Mettam case and consequently decided he would not resume the inquest into her death. His finding was that Ms Mettam died of a gunshot wound to the chest, "*when she was shot by a police officer in the execution of his duty.*"

Death and Serious Injury

Under section 13 of the Independent Police Conduct Authority Act 1988, the Commissioner of Police must notify the Authority of incidents where a Police employee, acting in the course of his or her duty, causes or appears to have caused serious bodily harm. The Authority may investigate such incidents when satisfied there are grounds for doing so in the public interest.

The Authority and the Police use an agreed definition of serious bodily harm for the purposes of notifications under section 13. Serious bodily harm is initially presumed on admission to hospital. The definition includes allegations of sexual assault.

During 2009/10 the Authority received 65 notifications under section 13. Fifteen of those did not meet the criteria for investigation. Significantly – of the others, 18 deaths or serious injuries followed Police pursuits.

Category 1 complaints

During the 2009/10 year the Authority classified 18 further complaints as Category 1. Those complaints were of the most serious type and required independent investigation by the Authority. They included allegations of serious assaults by Police officers, and failures by Police to adequately investigate serious matters.

Memorandum of Understanding

Under the MOU, signed in 1994, internally reported serious misconduct or serious neglect of duty which puts at risk the reputation of the Police is referred to the Authority, although it may not involve death or serious bodily harm or a complaint from a member of the public. During 2009/10 the Authority received 10 MOU notifications classified as Category 1, thus requiring investigation. Examples of notifications were – inappropriate behaviour, alleged corruption and assaults.

COMMUNICATIONS

Public reports and website

Public reports and website content are the Authority's primary methods of communicating with the public and media. They provide transparency about the Authority's work, and accountability for the Authority and the Police. The number of public reports has increased notably in the past few years. In 2007/08 five public reports were released. In 2008/09 eleven public reports were released, and in 2009/10 there were fifteen.

The Authority has also expanded the range of material available on its website relating to its functions and reporting under the Crimes of the Torture Act. The Authority has produced A4-sized factsheets about the Optional Protocol to the Convention Against Torture (OPCAT) to be displayed in Police custody suites. These factsheets provide an easy to understand explanation

of OPCAT, the Authority's role, and key contact details. To raise awareness among Police, an article was also produced for the Police *Ten One* magazine. The article draws Police attention to the factsheets and provides key information about the Authority's role and the positive outcomes already achieved under OPCAT.

In January 2010 the Authority became a member of Language Line, a Department of Internal Affairs/Office of Ethnic Affairs service that allows complainants to use translators to communicate with staff. This service is available Monday-Friday 9.00am to 6.00pm. The Authority has a Memorandum of Understanding with Language Line, which sets out our obligations.

Satisfaction Surveys

During 2009/10, the final recommendation made in respect of the Authority by the 2007 Commission of Inquiry into Police Conduct (COIPC) was implemented. The COIPC made a total of sixty recommendations, twelve of which related to the Authority. Recommendation no.25 was that the Authority *"...should seek feedback from complainants by way of random sampling on their experience of the complaint process."*

In March 2010, the Authority began surveying all complainants who had a category one or two file closed from that date. In addition, the Authority decided to survey all Police officers subject to investigation in the same categories of complaint. Each complainant and each Police officer was mailed a confidential self-completion questionnaire and a prepaid return envelope.

The surveys are still in their infancy and care must be taken when interpreting the results due to the small number of respondents thus far. For the first six months of the survey, 39 complainants were surveyed, and eight responses were received. During the same period, 81 surveys were sent to Police officers, and 29 responses were received.

Trends apparent in early results indicate that complainants feel they have been treated fairly and have had positive contact with Authority staff, but feel the process has taken too long. Similarly, Police officers believe the system is fair and any contact with staff has been positive, although some complain of a lack of information from within their own organisation.

The 2010/11 Annual Report will contain more detailed results of the first full year of the surveys.

Reports released during 2009/10:

Police acted lawfully in fatal shooting of Shayne Richard Sime

18/06/10 - Members of the Police acted lawfully when they fatally shot Christchurch man Shayne Richard Sime in June 2009.

Improvements to Police practices in child abuse investigations

18/05/10 - The Authority recommended Police undertake an extensive series of improvements to practices, policies and procedures for the investigation of child abuse.

Police response to the shooting of Navtej Singh

14/05/10 - Sixteen recommendations were made to Police following the investigation into the Police response to the shooting of Navtej Singh.

Police pursuit in Christchurch resulting in the death of Paige Timothy

06/05/10 - The actions of the officers in commencing the pursuit were lawful, but it should have been abandoned when clear risk factors arose. The Authority reiterated recommendations for compulsory drug and alcohol testing of officers involved in critical incidents.

Fatal shooting of Lee Jane Mettam

15/04/10 - A Whangarei-based officer was lawfully justified in fatally shooting Lee Jane Mettam on 23 October 2008.

Report on the loss of a Police Operation Order

23/2/2010 - The loss of a Police Operation Order during the search of a Lower Hutt address in February 2009 amounted to misconduct.

Police pursuit amounted to misconduct

16/2/2010 - Police actions in pursuing a speeding driver through a busy part of central Christchurch in December 2008 breached policy and amounted to misconduct.

Drunk driver could have been stopped before fatal crash

12/1/10 - A drunk driver who killed three young people in a fatal collision in Taranaki four-and-a-half years ago could have been legally prevented from driving.

Police pursuit did not cause death of 14-year-old passenger

26/12/09 - Police were not responsible for the death of a 14-year-old passenger in a pursued vehicle.

Authority recommends changes to the Police pursuits policy

13/10/09 - The Authority recommended that Police amend their pursuit policy to provide clearer guidance on when pursuits may begin.

Officers neglected duty in care of methadone patient

9/10/09 - Police failed to adequately assess and care for Juanita Shaw, who died of a methadone overdose in a Police cell in August 2007.

Pursuit 'bordered on misconduct' and should have been abandoned

12/8/09 - A Police pursuit that led to the death of 16-year-old Rangi Wano did not comply with policy and should have been abandoned, and the pursuing officer's actions bordered on misconduct.

Force used in arrest of Henry Bailey justified

7/8/09 - The Police were justified in the force they used to arrest Henry Bailey.

Fatal pursuit of 18-year-old Dargaville man complied with law, policy

31/7/09 - A Police pursuit which ended in the death of 18-year-old Dion Martin was lawful and complied with Police pursuit policy.

Fatal pursuit of Christchurch motorcyclist complied with law, policy

31/7/09 - A Police pursuit which ended in the death of 52-year-old motorcyclist David Fowler was lawful and complied with Police pursuit policy.



Optional Protocol, Convention Against Torture

INDEPENDENT POLICE CONDUCT AUTHORITY

BACKGROUND

Following amendments to the Crimes of Torture Act 1989, New Zealand ratified the Optional Protocol to the Convention against Torture (OPCAT) on 14 March 2007. Ratification provides a significant opportunity to ensure that all places of detention in New Zealand are safe and humane environments that meet international human rights standards. OPCAT is an international instrument concerned with the *prevention* of violations and establishes a dual process of international and national monitoring and reporting.

In New Zealand, the Authority is one of four National Preventive Mechanisms (NPMs) co-ordinated by the Central NPM, the New Zealand Human Rights Commission. Under the Crimes of Torture Act, as an NPM the Authority has statutory authority to:

1. Examine conditions of detention and the treatment of detainees ;
2. Make recommendations to those in charge of detention facilities with respect to the improvement of conditions of detention, the treatment of detainees, and the prevention of torture and other cruel, inhuman or degrading treatment or punishment in places of detention ; and
3. Report on its statutory functions and findings on an annual basis.

Under the Crimes of Torture Act, the Authority has unrestricted access to information about the number of detainees in places of Police detention; the treatment of detainees in those places of detention; and the conditions of detention applicable to those detainees. The Authority also has unrestricted access to any place of Police detention, as well as access to any detained person. The Authority is entitled to interview detainees and others in places of Police detention, and there are protections for individuals who provide information in good faith to the Authority.

All powers conferred by the Independent Police Conduct Authority Act 1989, as well as protection, privileges or immunities under that Act, apply to the Authority when conducting its OPCAT functions.

INTERNAL REVIEW

In January 2010, the IPCA conducted a comprehensive internal review of OCPAT systems and procedures. As a result of this review, the Authority appointed an OCPAT coordinator and specialist staff to carry out site visits and analysis. A strategy for liaison between the Authority and Police was agreed upon and a Memorandum of Understanding between the Authority and the Children's Commissioner was established. The Authority will continue to work on establishing a relationship agreement or formalised Memorandum of Understanding with Police in respect of the Authority's OCPAT functions. Administrative management processes were streamlined and refined policy and procedure documents were created, including:

- Policy and procedure protocol for OCPAT visits
- IPCA checklist for OCPAT visits
- Reporting letter templates
- Process work flow charts

The Authority has developed its internal referral processes to capture OCPAT issues that arise in cases managed by the Complaints Management Group. A triage process had been established whereby all incoming files are assessed for OCPAT issues in accordance with a newly-created OCPAT indicators checklist and tagged in the IPCA database with searchable keywords. A referral and regular meeting system has been established and a member of the Complaints Management Group has been appointed to the OCPAT team to facilitate internal liaison. The Authority has also established a system for assessment of all current open files, as well as an OCPAT screening system which is applied to all case files prior to closure.

Performance Measures

After conducting an assessment of international performance measures for OCPAT, the Authority developed nine new performance measures, which were included in the 2010/11 Statement of Intent. The Authority has also appointed a dedicated OCPAT team with extensive and diverse experience in investigative work and human rights law.

In terms of quantity performance measures, the Authority has undertaken to: inspect 30 detention facilities before 30 June 2011; meet on a monthly basis with the Police OCPAT portfolio holder; and report to Parliament and the Human Rights Commission as provided for in the Crimes of Torture Act 1989.

Quality performance measures include: providing quarterly updates of OCPAT information on the Authority's website; conducting quarterly reviews of Police implementation of Authority recommendations; interviewing at least one detainee at every site visit (and ensuring that such interviews are conducted with detainees of different ages, ethnicities, gender, and other factors); and holding monthly review and planning meetings with the Authority's Complaints Management Group.

With regard to timeliness, the Authority has undertaken to: report findings or recommendations to Police National Headquarters and District Commanders within 20 working days of a site visit; seek solutions from Police to issues raised in Authority findings or recommendations within two months of Police receiving the report; and to provide monthly briefings to the Authority's Board in respect of site visits, the status of recommendations, issues, trends and other projections.

VISITS AND ENGAGEMENT

Visits

The Authority was successful in conducting its target number of site visits (30) for the 2009/2010 reporting year. The same target has been set for the 2010/2011 reporting year. This will allow the Authority to adopt a qualitative, rather than quantitative, approach to OPCAT visits and to strengthen education and awareness initiatives and other developmental work that is central to the durability of OPCAT in New Zealand.

The Authority has ensured that its visits during the 2009/2010 year captured both urban and rural sites. The Authority also conducted visits at different times of the day, including late nights and early morning visits. This approach will continue in the future to ensure that OPCAT assessments accurately reflect the various operational conditions under which Police work, and that issues that arise in peak and off-peak times can be identified and analysed.

In order to move towards international best practice standards, over ten percent of visits during the 2009/2010 reporting year were unannounced visits and half of those were also repeat visits. Unannounced and repeat visits ensure that OPCAT inspections are, and are viewed as being, transparent and effective assessments of places of Police detention in New Zealand. The Authority visits were very well-received. Further unannounced visits will form part of the OPCAT team's annual site visit plan in the next reporting year.

The Authority has expanded its site visit methodology to include multi-agency specialist site visits in some cases. In April 2010, the Authority responded to an acute case where cells at one Police station required immediate and specialist attention, by engaging with other national organisations with relevant expertise. This site visit was the first of its kind conducted jointly by NPMs and resulted in immediate remedial work being undertaken by the Police, the local District Council, the NZ Fire Service, and the Department of Labour. The visit was positively received; it facilitated a solution to issues that affected both staff and detainees and responded to conditions that had prevailed at this particular Police station for some time. The specialist site visit model, as developed by the Authority, is an important tool for cases that require immediate and effective action in the future. It allows the Authority to harness the specialist skills of practitioners and expedite resolution where action by individual agencies may be less effective.

In addition to the specialist site visit model, the Authority can offer guidance and facilitation when issues are raised for resolution between agencies, particularly in cases where there is jurisdictional overlap between a number of government agencies. The treatment of people in

Police custody can be affected by the processes of other agencies, for example where Police cells are located in a court house, or when children and young persons are taken into Police custody. The resolution of these operational issues in an open and co-operative way is central to successful harm prevention initiatives under OPCAT. Accordingly, the Authority will utilise the opportunity for dialogue where it will be most effective in the upcoming reporting year.

Referrals

The Authority has received OPCAT referrals from the Police, external agencies, and members of the public. The expansion of this referral system is important to ensure that when the Authority plans its site visit schedule under Article 20(e) of the Optional Protocol, it makes this assessment having considered a wide variety of facts and other relevant information.

The increase in referrals should not, at this stage, be interpreted as reflecting a higher or increasing number of OPCAT issues in places of Police detention. Rather, referrals may be broadly indicative of an increasing awareness of OPCAT and the work of the Authority in New Zealand. Some referrals, particularly those from Police, relate to general issues where timely intervention can improve conditions, eliminate risks, and prevent harm.

Engagement

New Zealand Police

In March 2010, the Authority contributed to the evaluation of the New Zealand Police/Ministry of Health Watch House Nurse Pilot Initiative. The two year pilot scheme started in 2008 and was undertaken in the Christchurch Central and Counties Manukau Police stations. It involved the use of on-site nurses in watch houses, to help Police better manage risks associated with those who suffer from mental health, alcohol, or other drug problems and, where appropriate, make referrals to treatment providers for affected detainees.

The Authority provided its observations on the benefits of this initiative, as well as an analysis of the international human rights law instruments and principles applicable to the treatment of detainees with drug and alcohol issues or mental health needs. Overall, the Authority concluded:

“The Authority endorses effective initiatives that enable custody centres to provide for the needs of detainees affected by mental illness, drugs, or alcohol-related issues. Such initiatives ensure that Police are able to foster confident, safe, and secure communities and that New Zealand fulfils its international obligations under OPCAT [the Optional Protocol to the Convention Against Torture] and other international human rights law instruments. The fundamental principle of OPCAT, which is a principle that also underpins public health policy and healthcare in New Zealand, is prevention. Programmes such as the Pilot Initiative can, with appropriate planning and support, ensure that vulnerable members of our community are understood, respected, and cared for when they need treatment the most: at the earliest possible opportunity, by qualified, committed Police and specialised health practitioners.”

The evaluation report concluded, *inter alia*, that while the evidence from the study could not conclusively indicate whether the initiative was reducing repeat detention rates, there was strong evidence to suggest that the initiative contributed to the improved health status and reduced risk of harm to detainees with mental health or alcohol or drug issues. It identified numerous and significant benefits for detainees, health service agencies, and Police.

In addition to contributing to specific projects such as the Watch House Nurse Pilot Initiative, the Authority's OPCAT team has facilitated regular meetings with the Police National Headquarters OPCAT portfolio holder, and continues to engage on issues of national significance. As identified above, regular meetings with the Police OPCAT portfolio holder has been identified by the Authority as a specific performance measure for the 2010/2011 reporting year. The meetings address a range of issues, including:

- The nature and scope of the Authority's OPCAT mandate
- Suicide prevention and risk assessment procedures
- Search policies
- Care of individuals with special or specific needs or those who are at risk
- Control and restraint policies, particularly in relation to vulnerable individuals
- Number and quality of self harm cells
- Custodial staff training and induction (nationally and locally), and formal custody suite accreditation
- Information available to detainees about their rights, how to make a complaint, and Info Line or other translation and support services
- Dialogue and operational relationship between Police and the Courts
- Quantity and quality of CCTV cameras and data storage facilities
- Availability and effectiveness of security screening equipment
- Portable defibrillators and other health provision issues
- Custody manuals and desk files, maintenance of prisoner movement books, and other recordkeeping processes
- Building project plans
- Evacuation policies

This work is ongoing and it will continue to grow as the Authority develops its strategic direction framework and undertakes new development initiatives. The process has already seen positive outcomes, including the addition of keyword functions in the Police Electronic Custody Module (a software tool supplementing hard copy records in custody suites), which will allow authorised searches of detainees to be categorised, recorded, and analysed.

NPMs

In April 2010, the IPCA and the Human Rights Commission facilitated a periodic NPM workshop focused on: a quality review of OPCAT monitoring checklists; plans for engagement; and methods of streamlining reporting, data collection, recommendation implementation, and performance measures. All participants noted the value of the initiative and work on the agenda items will continue in the next reporting year.

The Authority has also participated in joint site visits with other NPMs. This approach enhances New Zealand's OPCAT work by ensuring that, in accordance with Article 18(2) of the Optional Protocol, NPM staff members are able to expand their scope of expertise and that site inspections are conducted by a number of practitioners with unique backgrounds and abilities. The Authority has concluded a Memorandum of Understanding with the Office of the Children's Commissioner and is working on the conclusion of a similar Memorandum with the New Zealand Police. Whenever possible, the Authority meets with the Office of the Ombudsmen to discuss common areas of work and opportunities for further engagement. Collaboration efforts like this ensure that New Zealand is matching work currently being undertaken by NPMs on the international stage.

Civil Society

The importance of engagement with civil society was highlighted at the April 2010 NPM periodic workshop. The interface between NPMs and civil society and non-government organisations (NGOs) has also been highlighted by the Association for the Prevention of Torture in its 2006 report entitled "Establishment and Designation of National Preventive Mechanisms". The Association observed that:

... [NGOs] can be an excellent source of information for the NPM, to allow it to plan strategically its programme of in-depth visits and to react quickly to unanticipated situations with ad-hoc visits. Such information can also assist the NPM to focus its visits to particular institutions on the facilities or issues that are of the greatest concern. NGOs may also be an important source of information for the NPM in determining, between visits, the extent to which its recommendations are being implemented. ...

Through their advocacy or support work NGOs may have earned a particularly high degree of trust on the part of detainees. Where such an NGO considers it appropriate, it could greatly enhance the effectiveness of the NPM by promoting awareness among the detainee population of the NPM's existence, any upcoming visits and its mandate and working methods, and by encouraging detainees to cooperate with and provide information to the NPM.

The Authority aims to integrate civil society meetings, as far as possible, into its regional site visit plans in the 2010/2011 reporting year. The Authority has identified the value in engaging with individuals and groups, including: lawyers, such as Legal aid and Community Law Centre lawyers and advocates; social workers; detention advocacy groups and other human rights NGOs; health service practitioners, advocates, inspectors, and liaison staff; and other stakeholders who work at the operational and strategic levels.

Communications

Promoting awareness of OPCAT, as provided for in the Preamble of the Optional Protocol, is an important part of the IPCA's work.

The Authority has produced and is planning a national rollout of OPCAT factsheets to be displayed in Police custody suites. These factsheets provide an easy to understand explanation

of OPCAT, the IPCA's role, and key contact details. To raise awareness among Police, an article was produced for the Police *Ten One* magazine. The article draws staff attention to the factsheets and provides key information about the IPCA's role, as well as the positive outcomes already achieved under the Optional Protocol in New Zealand.

The Authority will provide quarterly website updates on OPCAT activities and will continue to consider ways of strengthening the public understanding of detention issues. In addition to website updates, the IPCA recognises the importance of creating awareness among individuals detained in Police custody. Public awareness and communications efforts will continue in the 2010/2011 reporting year.

ISSUES FOR THE FUTURE

Joint Thematic Review

The Authority is currently reviewing its strategic direction framework to identify cross-cutting issues under the OPCAT mandate. The Authority will conduct a joint thematic review (JTR) of the treatment of and issues affecting children and young people detained in Police custody. This JTR will be conducted by the Authority and the Office of the Children's Commissioner. It is anticipated that the review will: examine Police and Child, Youth and Family policy on provision for children and young people in the custody of Police; identify national and international standards applicable to the detention of children and young people; identify further assessment criteria that may be beneficial to NPM site visits; and establish appropriate recommendations for Police and Child, Youth and Family to improve the quality and consistency of treatment of children and young people in Police custody.

The review will be the first joint research and reporting effort by New Zealand NPMs under OPCAT. The research and evaluation framework established for the purpose of this review may be of use in future cases where joint reports are deemed necessary and appropriate. Further areas of research that may be beneficial, for example, include the incidents of death or serious injury of persons detained in Police custody; the treatment of individuals with mental health needs, physical or intellectual disabilities; women; and individuals alleged to have committed specific offences that place them at risk. Focused and effective research and evaluation is a preventive measure under OPCAT that will receive the Authority's attending in the upcoming reporting year and beyond.

Reporting

The Authority is paying particular attention to issues relating to vulnerable persons in custody. It is currently reviewing the feasibility of gathering and analysing data of "near misses" (suicide or self harm attempts) in Police custody. The Authority will also review the use of mechanical restraints by Police in light of OPCAT principles.

In the coming year, the Authority plans to expand the site visit pre-assessment by engaging with Police to identify trends in respect of stations throughout the country. It is hoped that this will complement the existing internal assessment process undertaken by the Authority prior to site

visits. The expansion of the assessment process may also highlight new areas that warrant attention by the Authority. The Authority will continue to work on developing its internal database to enhance future work on analysis.

Moving forward

The Authority has undertaken significant change during the 2009/2010 year to improve its operational and development capabilities and will continue to work to meet international best practice standards. By enhancing detention monitoring and reporting processes, as well as engaging with Police, detainees, the public, and community organisations, OPCAT has become – and will continue to be – an important and effective human rights instrument in New Zealand.



Statement of Service Performance

INDEPENDENT POLICE CONDUCT AUTHORITY

The delivery of the Independent Police Conduct Authority's services is funded under the Vote: Justice Non-Departmental Output Class – *Equity Promotion and Protection Services*. The Authority's actual performance against indicators for the 2009/10 year and for its five main outputs are listed below.

OUTPUT: MANAGING COMPLAINTS

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

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

Serious matters will be immediately referred to the Investigation Group.

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

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

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

*PERFORMANCE INDICATORS**PERFORMANCE TO 30 JUNE 2010*

Enquiries to the Authority are responded to within three working days (95% of all cases).

Achieved: Online enquiries and complaints - an automatic response acknowledges 100% of online enquiries from the website or email address within one working day. Telephone enquiries – in addition to our ability to record the number and length of all telephone enquiries, the redevelopment of the database in November 2009 enabled us to record further data on all phone and written enquiries.

All oral complaints are received and processed. (100%)

Achieved: The database records all complaints by the method they are received. Oral complaints are recorded as they occur, and processed after the complainant has signed and returned the transcript of their complaint.

All Police incidents involving death or serious bodily harm are notified to the IPCA investigation group within 24 hours of receipt (95% of all cases).

Achieved: 100% of Police incidents involving death or serious bodily harm majority were notified by Police, directly to the Manager, Investigations, at the same time as they were notified to the Complaints Management Team.

All complaints and incidents are acknowledged and assigned to a reviewing officer within 5 working days of receiving the complaint.

Not achieved: 90.4% of category 2, 3, 4, and 5 complaints and incidents were assigned to reviewers within 5 working days.

Complaints deemed appropriate for conciliation, investigation or resolution by the Police are referred to the Police within five days of receipt or where attempted speedy resolution has failed (95% of all cases).

Not achieved: 88.5% of cases were referred within 5 days of receipt. In those cases where the referral was processed outside the 5 day standard, the reasons for delays included the absence of key information from a complaint, and delays in the arrival of supporting documentation required to manage the complaint.

The average time taken to notify police over the entire year is 4.2 days.

Comment: Police usually notify incidents involving death or serious bodily harm direct to the Investigation group. However, in instances when Police notify the Complaints Management Team, such as when the seriousness of bodily harm is not initially evident, the Investigation Group is advised immediately.

During 2009/10 IPCA has sought to improve its systems and controls to support reported service performance information. In this regard the redevelopment of the database in November 2009 continues to enhance IPCA's ability to derive accurate and up-to-date metrics for reporting performance.

OUTPUT: INVESTIGATIONS

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

Impact: The Investigation Group will:

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

*PERFORMANCE INDICATORS**PERFORMANCE TO 30 JUNE 2010*

Independently investigate all incidents where a member of the Police acting in the execution of his or her duty causes or appears to have caused death or serious bodily harm to any person (100%).

Achieved: 100% of incidents notified to the Authority under s.13 of the IPCA Act that met the criteria for investigation, were investigated.

Independently investigate, or actively oversee the investigation of, complaints against Police of serious criminal offending, serious misconduct or neglect of duty, or corruption, causing the greatest level of public concern or having serious implications for the reputation of the Police (90%).

Achieved: 100% of complaints of this nature notified to the Authority by Police or the public were either independently investigated or actively overseen.

Except in circumstances that are beyond the control of the Investigation Group, complete investigations within 12 months.

Achieved: 100% of investigations were completed within 12 months except in those cases where circumstances were beyond the control of the IPCA (five such investigations). Such circumstances include the need to wait for inquest material, Police action or the criminal justice process to take its course.

Make contact with victims, next of kin and complainants within five working days upon being notified of an incident or complaint (90%).

Achieved: Contact was made within five working days upon receipt of the file in 98% of all cases.

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

Achieved: Contact was maintained at least once per month in 94% of all cases.

Comment:

Independent investigation work will often require a visit to the scene of an incident and early contact with the victim, next of kin or complainant. There are however occasions when, because of the trauma associated with an event, such contact is not appropriate until a later time.

OUTPUT: REVIEWING POLICE INVESTIGATIONS INTO COMPLAINTS

Objectives: Clearance of the backlog of complaints including unresolved files opened in the period up to 30 June 2008.

Timely review of all current complaint cases which have been investigated by the Police.

Impact: The backlog comprises complaints more than 12 months old and not subject to Court processes as at 30 June 2008.

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

*PERFORMANCE INDICATORS**PERFORMANCE TO 30 JUNE 2010*

By 30 June 2010 the backlog of old complaints (i.e. complaint files 12 months old and older which are not subject to court processes and those files opened up to 30 June 2008 remaining unresolved) are eliminated.

Not achieved: By 30 June 2010 there were 16 files not subject to court processes which were older than 12 months.

Police complaint investigation files referred to the IPCA for review are reviewed and completed within 60 days of receipt from the Police (75% of all cases).

Achieved: 83.2% of all Police complaint investigation files referred to the IPCA for review were completed within 60 days of receipt.

All cases are reviewed within 12 months of receipt (90%) except in circumstances which are beyond the control of the IPCA.

Achieved: 100% of the category 2 cases were completed within 12 months of receipt of the Police file.

Comment: Significant progress has been made towards eliminating the backlog of complaints older than 12 months by 30 June 2010.

The database has recorded whether reviews of category 2 cases are completed within 12 months of receipt of the Police file. The oldest category 2 case under review is 260 days i.e. less than 12 months.

OUTPUT: COMMUNICATIONS

Objectives:	<p>Improved awareness of IPCA roles and responsibilities.</p> <p>Broader communication with complainants during the course of investigations.</p> <p>Production of public reports of investigations including recommendations for further action.</p>
Impact:	<p>Establishment of a dedicated part-time communications specialist position.</p> <p>Raise understanding of Police as to the public and Government expectations of the IPCA.</p> <p>Raise public awareness of roles and functions of the IPCA through information pamphlets, public addresses and an improved IPCA website.</p> <p>Improve readability of published IPCA reports so that they are easily comprehended by the general public.</p> <p>Apply communications skills to the IPCA's presentations through the print, audio, and electronic visual media to improve public understanding of the issues raised by the IPCA.</p> <p>Adopt a proactive approach to alerting and educating the public as to topical issues being addressed by the IPCA.</p>

*PERFORMANCE INDICATORS**PERFORMANCE TO 30 JUNE 2010*

Undertake at least five Police district visits by 30 June 2010.	<u>Achieved</u> : The Chair made a total of seven visits to Police districts during the year.
Undertake a survey of complainants' satisfaction with IPCA processes to a standard of satisfactory or better.	<u>Achieved</u> : A survey was implemented in March 2010.

Comment: The Authority's Public Reports continue to be well-received.

In May 2010, the Chair held a media conference to release the report of the Child Abuse Inquiry Part I.

The Authority is also continuing to raise its profile regarding its obligations under OPCAT. The Authority has expanded the range of material available on its website relating to its OPCAT functions and reporting.

In addition, the IPCA recognised the importance of creating awareness among individuals detained in Police custody. The Authority has produced A4-sized factsheets about OPCAT to be displayed in Police custody suites. Public awareness and communications efforts will continue in the 2010/2011 reporting year.

The Authority is also in the process of establishing a staff intranet to enhance internal communication within the organisation.

Partway through the year the Authority implemented surveys of complainants and Police officers involved in the most serious categories of complaint. Early trends indicate both groups feel they have been fairly treated, but have some concerns about processes.

OUTPUT: OPTIONAL PROTOCOL TO THE CONVENTION AGAINST TORTURE (OPCAT)

Objectives: To meet the United Nations reporting requirements provided in the OPCAT.

Impact: The IPCA will:

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

*PERFORMANCE INDICATORS**PERFORMANCE TO 30 JUNE 2010*

Inspect 30 detention facilities before 30 June 2010. Achieved: 30 inspections were undertaken.

Prepare a report to 30 June 2010 on its observations, conclusions and recommendations with regard to detention facilities, to be submitted to Parliament and to the public through the Human Rights Commission. Achieved: The time-frame for the report to Parliament is the responsibility of the Human Rights Commission, however, IPCA's material for inclusion was completed within the reporting period.

Comment:

The Authority was successful in conducting its target number of site visits (30) for the 2009/2010 reporting year. In order to move towards international best practice standards, over ten percent were unannounced visits and half of those were also repeat visits. Unannounced and repeat visits ensure that OPCAT inspections are, and are viewed as being, transparent and effective assessments of places of Police detention in New Zealand. The Authority visits were very well-received and, as such, further unannounced visits will form part of the OPCAT team's annual site visit plan in the next reporting year.

Financial Statements

INDEPENDENT POLICE CONDUCT AUTHORITY

INDEPENDENT POLICE CONDUCT AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual \$		Notes	2010 Actual \$	2010 Budget \$
	Revenue			
4,120,000	Revenue from Crown	1	5,713,000	4,063,000
8,499	Interest Received		8,406	25,829
<u>4,128,499</u>	Total Revenue		<u>5,721,406</u>	<u>4,088,829</u>
	Expenses			
18,231	Audit fees	2	18,413	17,000
14,206	Amortisation	7	31,323	23,243
54,882	Communication charges		47,744	46,000
103,032	Depreciation	6	129,506	99,281
2,816,108	Personnel	3	2,879,324	2,950,000
83,381	Printing & stationery		68,003	86,000
273,586	Professional fees and contract services		761,570	106,000
274,188	Rent		328,494	303,000
194,419	Services & supplies		183,981	113,600
22,776	Subscriptions		23,103	25,000
201,049	Travel & accommodation		133,770	210,000
-	OPCAT		2,846	25,000
<u>4,055,858</u>	Total Expenses		<u>4,608,077</u>	<u>4,004,124</u>
<u>72,641</u>	Total Comprehensive Income		<u>1,113,329</u>	<u>84,705</u>

Explanations of significant variances against budget are detailed in note 20.

The statement of accounting policies and the notes to the financial statements form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

2009 Actual \$		Notes	2010 Actual \$	2010 Budget \$
	CURRENT ASSETS			
215,090	Cash and cash equivalents	4	1,340,650	216,325
93,495	Debtors and other receivables	5	7,915	19,408
<u>308,585</u>	Total Current Assets		<u>1,348,565</u>	<u>235,733</u>
	NON-CURRENT ASSETS			
414,079	Property, Plant & equipment	6	502,993	297,842
47,648	Intangible assets	7	150,602	69,730
<u>461,727</u>	Total Non-Current Assets		<u>653,595</u>	<u>367,572</u>
<u>770,312</u>	TOTAL ASSETS		<u>2,002,160</u>	<u>603,305</u>
	CURRENT LIABILITIES			
201,751	Creditors and other payables	8	277,583	58,931
230,600	Employee entitlements	9	223,287	134,535
<u>432,351</u>	Total Current Liabilities		<u>500,870</u>	<u>193,466</u>
<u>337,961</u>	NET ASSETS		<u>1,501,290</u>	<u>409,839</u>
	CROWN EQUITY			
<u>337,961</u>	Total Investment by the crown		<u>1,501,290</u>	<u>409,839</u>
<u>337,961</u>	Total Crown Equity		<u>1,501,290</u>	<u>409,839</u>

Explanations of significant variances against budget are detailed in note 20.

The statement of accounting policies and the notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual \$		Notes	2010 Actual \$	2010 Budget \$
265,320	Total Crown Equity at beginning of year		337,961	325,134
72,641	Total Comprehensive Income		1,113,329	84,705
-	Capital Contribution		50,000	-
<u>337,961</u>	Total Crown Equity at end of year		<u>1,501,290</u>	<u>409,839</u>

The statement of accounting policies and the notes to the financial statements form an integral part of these financial statements.

CASH FLOWS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual \$		Notes	2010 Actual \$	2010 Budget \$
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash was provided from (applied to)			
4,120,000	Receipts from crown revenue		5,713,000	4,063,000
7,912	Interest received		8,043	25,829
-	Net GST received		116,811	3,277
<u>(3,819,946)</u>	Payments to suppliers and employees		<u>(4,409,597)</u>	<u>(3,909,929)</u>
307,966	Net cash flow from operating activities	12	1,428,257	182,177
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Cash was provided from (applied to)			
(299,145)	Purchase of property, plant & equipment		(218,420)	-
<u>(18,570)</u>	Purchase of intangible assets		<u>(134,277)</u>	<u>(50,000)</u>
(317,715)	Net cash flows from investing activities		(352,697)	(50,000)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Cash was provided from (applied to)			
-	Capital contributions		50,000	-
-	Net cash flows from financing activities		50,000	-
(9,749)	Net increase/(decrease) in cash and cash equivalents		1,125,560	132,177
224,839	Cash and cash equivalents at beginning of year		215,090	84,148
<u>215,090</u>	Cash and cash equivalents at end of year		<u>1,340,650</u>	<u>216,325</u>
	Represented by:			
<u>215,090</u>	Cash & cash equivalents		<u>1,340,650</u>	<u>216,325</u>

The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. The statement of accounting policies and the notes to the financial statements form an integral part of these financial statements.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2010

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").

The financial statements for the Independent Police Conduct Authority are for the year ended 30 June 2010, and were approved by the Board on 27 October 2010.

Basis for Preparation

Statement of compliance

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

The 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 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.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2010

Standards and interpretations effective in the current period

The Independent Police Conduct Authority has adopted the following revision to accounting standards during the financial year which has only had a presentational effect:

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as “owner”. The Independent Police Conduct Authority has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard.

Standards or interpretations not yet effective

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Independent Police Conduct Authority, include:

NZIAS 24 Related Party Disclosures (Revised 2009) replaces NZIAS 24 Related Party Disclosures (Issued 2004) and is effective for reporting periods commencing on or after 1 January 2011. The revised related party standards.

- i) Removes the previous disclosure concessions applied by the Independent Police Conduct Authority for arms-length transactions between the Independent Police Conduct Authority and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Independent Police Conduct Authority and entities controlled or significantly influenced by the Crown.
- ii) Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister of Justice, the Independent Police Conduct Authority will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.
- iii) Clarifies that related party transactions include commitments with related parties.

The Independent Police Conduct Authority has not yet assessed the effect of the new standard and has not yet decided whether it will adopt for the 2010/11 year.

**STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2010****Standards or interpretations not yet effective (cont.)**

NZ IFRS 9: Financial Instruments – Phase 1: Classification and Measurement was issued in November 2009 and is effective for periods commencing on or after January 2013. The new standard simplifies the classification criteria for financial assets, compared to the current requirements of NZ IAS 39. The new standard results in a reduced number of categories of financial assets and some consequential amendments to disclosure required by NZ IAS 1 “Presentation of Financial Statements” and NZ IFRS 7 “Financial Instruments: Disclosures”. The Independent Police Conduct Authority would not have any transactions to disclose under the new NZ IAS 1 and NZ IFRS 7 disclosure requirements relating to a gain or loss arising on derecognition of financial assets measured at amortised cost.

Other standards amendments and interpretations to existing standards have been published and are mandatory for periods commencing on or after 1 January 2010. The Independent Police Conduct Authority has not early adopted them as they are not applicable to the Independent Police Conduct Authority or the interpretation of the standards as clarified by amendments was the same as already applied by the Independent Police Conduct Authority.

Specific Accounting Policies

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

a) Revenue recognition

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

Revenue from the Crown

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

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

Interest

Interest revenue is recognised using the effective interest method.

b) Operating leases

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

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2010

c) 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.

d) 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.

e) 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 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 statement of comprehensive income as they are incurred.

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2010

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

f) 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 Authority's website are recognised as an expense when incurred.

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

Amortisation

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

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

Software	25.0% DV
----------	----------

g) 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.

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2010

Impairment (cont.)

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 statement of comprehensive income.

h) 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.

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

i) 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 and 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.

j) Superannuation schemes

Defined contribution schemes

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

**STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2010*****k) Good and Service Tax (GST)***

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

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

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.

l) 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.

m) 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, 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.

n) Budget figures

The budget figures are those that form part of the Independent Police Conduct Authority 2009/10 Statement of Intent.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Independent Police Conduct Authority for the preparation of the financial statements.

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2010

Critical Judgements in Applying the Entity's Accounting Policies

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

There are no judgments made by management in the application of NZ IFRS that have significant effects on the financial statements or any estimates of significant risk that would cause material adjustments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Revenue from Crown

The Independent Police Conduct Authority has been provided with funding from the Crown for the specific purposes of the Independent Police Conduct Authority as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2009: \$nil).

	2010	2009
	Actual	Actual
	\$	\$
2. Remuneration to Auditors		
Audit of the financial statements	<u>18,413</u>	<u>18,231</u>
	<u>18,413</u>	<u>18,231</u>

3. Personnel Expenses

Salaries and wages		2,886,637	2,707,195
Increase/(decrease) in employee entitlements	9	<u>(7,313)</u>	<u>108,913</u>
Total Personnel Expenses		<u>2,879,324</u>	<u>2,816,108</u>

No former employees of the Independent Police Conduct Authority received compensation on termination of employment in the 2010 financial year (2009: five people received total compensation of \$47,576).

4. Cash and Cash Equivalents

Cash at bank		1,335,070	209,537
Call account		<u>5,580</u>	<u>5,553</u>
Total Cash and Cash Equivalents		<u>1,340,650</u>	<u>215,090</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

5. Debtors and other receivables

Accrued interest	950	587
Sundry receivables	6,965	28,536
GST receivable	-	64,372
Debtors and other receivables	7,915	93,495

The carrying value of debtors and other receivables approximate their fair value.

6. Property, Plant and Equipment

	<i>Office equipment</i> \$	<i>Furniture & fittings</i> \$	<i>Leasehold improvements</i> \$	<i>Total</i> \$
Cost				
Balance at 1 July 2008	227,537	299,881	160,779	688,197
Additions	153,719	71,416	74,010	299,145
Sales/transfers	-	-	-	-
Balance at 30 June 2009	381,256	371,297	234,789	987,342
Balance at 1 July 2009	381,256	371,297	234,789	987,342
Additions	120,147	58,533	39,740	218,420
Sales/transfers	-	-	-	-
Balance at 30 June 2010	501,403	429,830	274,529	1,205,762
Accumulated depreciation				
Balance at 1 July 2008	134,124	228,234	107,873	470,231
Depreciation expense	52,277	30,393	20,362	103,032
Sales/transfers	-	-	-	-
Balance at 30 June 2009	186,401	258,627	128,235	573,263
Balance at 1 July 2009	186,401	258,627	128,235	573,263
Depreciation expense	70,766	28,167	30,573	129,506
Sales/transfers	-	-	-	-
Balance at 30 June 2010	257,167	286,794	158,808	702,769
Net carrying amounts				
At 1 July 2008	93,413	71,647	52,906	217,966
At 30 June 2009 & 1 July 2009	194,855	112,670	106,554	414,079
At 30 June 2010	244,236	143,036	115,721	502,993

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

7. Intangible assets

	Total \$
Cost	
Balance at 1 July 2008	90,561
Additions	18,570
Sales/transfers	-
Balance at 30 June 2009	<u>109,131</u>
Balance at 1 July 2009	109,131
Additions	134,277
Sales/transfers	-
Balance at 30 June 2010	<u>243,408</u>
Accumulated amortisation	
Balance at 1 July 2008	47,277
Amortisation expense	14,206
Disposals	-
Balance at 30 June 2009	<u>61,483</u>
Balance at 1 July 2009	61,483
Amortisation expense	31,323
Disposals	-
Balance at 30 June 2010	<u>92,806</u>
Net carrying amount	
At 1 July 2008	43,284
At 30 June 2009 & 1 July 2009	47,648
At 30 June 2010	150,602

	2010 Actual \$	2009 Actual \$
8. Creditors and other payables		
Trade creditors	151,236	173,509
Accrued expenses	86,603	28,242
GST payable	39,744	-
Total creditors and other payables	<u>277,583</u>	<u>201,751</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Creditors and other payables (cont.)

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carry value of trade creditors and other payables approximate their fair value. The Independent Police Conduct Authority has a financial risk management policy in place to ensure that all payables are paid within the credit timeframe.

	2010 Actual \$	2009 Actual \$
9. Employee Entitlements		
Accrued salaries and wages	85,616	77,220
Annual leave	137,671	153,380
Total Employee Entitlements	<u>223,287</u>	<u>230,600</u>

10. Financial Instruments

Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

Loans and receivables		
Cash and cash equivalents	1,340,650	215,090
Debtors and other receivables	7,915	93,495
Total loans and receivables	<u>1,348,565</u>	<u>308,585</u>
Financial liabilities measured at amortised cost		
Creditors and other payables	277,583	201,751

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Financial instruments (cont.)

Financial risk management objectives

The Independent Police Conduct Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of derivatives is governed by the Independent Police Conduct Authority's policies approved by the Board, which provide written principles on the use of financial derivatives. The Independent Police Conduct Authority's activities expose it primarily to the financial risks of changes in interest rates.

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Independent Police Conduct Authority is exposed to fair value and cash flow interest rate risk as it has cash on call at floating interest rates. The Independent Police Conduct Authority manages its interest risk by investing in on-call and short-term deposits with high credit-rated financial institutions.

The following table details the Independent Police Conduct Authority's exposure to interest rate risk as at 30 June 2010.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non interest bearing \$	Total \$
<i>Financial assets:</i>				
Cash and cash equivalents				
- Cash at bank	0.25	1,335,070	-	1,335,070
- Call account	0.50	5,580	-	5,580
Debtors and other receivables	-	-	7,915	7,915
<i>Total financial assets</i>		1,340,650	7,915	1,348,565
<i>Financial liabilities:</i>				
Creditors and other payables	-	-	277,583	277,583
<i>Total financial liabilities</i>		-	277,583	277,583

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Financial instruments (cont.)

The following table details the Independent Police Conduct Authority's exposure to interest rate risk as at 30 June 2009.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non interest bearing \$	Total \$
Financial assets:				
Cash and cash equivalents				
- Cash at bank	0.25	209,537	-	209,537
- Call account	0.50	5,553	-	5,553
Debtors and other receivables	-	-	93,495	93,495
Total financial assets		<u>215,090</u>	<u>93,495</u>	<u>308,585</u>
Financial liabilities:				
Creditors and other payables	-	-	201,751	201,751
Total financial liabilities		<u>-</u>	<u>201,751</u>	<u>201,751</u>

Credit risk management

Credit risk is the risk that a third party will default on its obligation to the Independent Police Conduct Authority, causing the Independent Police Conduct Authority to incur a loss.

Financial instruments which potentially subject the entity to credit risk principally consist of bank balances. The Independent Police Conduct Authority does not extend credit and places its cash with high credit quality financial institutions.

Maximum exposures to credit risk at reporting date are:

	2010 Actual \$	2009 Actual \$
Cash and cash equivalents	1,340,650	215,090
Debtors and other receivables	<u>7,915</u>	<u>93,495</u>
	<u>1,348,565</u>	<u>308,585</u>

No collateral is held on the above amounts. There is no maturity date on the cash at bank and call accounts as these represent cash held in transactional and cash management

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

accounts. The credit risk is also minimised as the deposits are subject to the provisions of the Government's deposit guarantee scheme that expires in October 2010.

Fair value of financial instruments

The Authority considers that the carrying amount of assets and financial liabilities recorded in the financial statements approximates their fair values.

Liquidity risk

Liquidity risk is the risk that the Independent Police Conduct Authority will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Independent Police Conduct Authority aims to maintain flexibility in funding by keeping committed credit lines available.

All of the Independent Police Conduct Authority's commitments owing at balance date, comprising trade and other payables, have a contractual maturity of less than six months (2009: maturity also less than six months). The Independent Police Conduct Authority has sufficient cash on hand to meet these commitments as they fall due.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Independent Police Conduct Authority is not subject to currency risk as it does not participate in any such financial instruments.

11. Capital Management

The Independent Police Conduct Authority's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The Independent Police Conduct Authority is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Independent Police Conduct Authority manages its equity as a by-product of prudently managing income, expenses, assets, liabilities, investments, and general financial dealings to ensure the Independent Police Conduct Authority effectively achieves its objectives and purpose, whilst remaining a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

12. Reconciliation of net surplus/(deficit) to net cash from operating activities

	2010	2009
	Actual	Actual
	\$	\$
Net surplus/(deficit) for the year	1,113,329	72,641
Non cash items:		
Amortisation	7 31,323	14,206
Depreciation	6 129,506	103,032
	<u>160,829</u>	<u>117,238</u>
Movements in working capital:		
(Increase)/decrease in GST Payable	104,116	(26,720)
(Increase)/decrease in receivables	21,571	(28,536)
(Increase)/decrease in accrued interest	(363)	(587)
(Decrease)/increase in creditors and other payables	36,088	65,017
(Decrease)/increase in employee entitlements	(7,313)	108,913
	<u>154,099</u>	<u>118,087</u>
Net cash from operating activities	<u>1,428,257</u>	<u>307,966</u>

13. Employee Remuneration

Remuneration and other benefits of \$100,000 per annum or more received by employees in their capacity as employees were:

	2010	2009
	Actual	Actual
\$100,000 - \$109,999	4	2
\$110,000 - \$119,999	1	2
\$120,000 - \$129,999	1	0
\$150,000 - \$159,999	0	1
\$200,000 - \$209,999	1	1
\$230,000 - \$239,999	1	0
\$260,000 - \$269,999	0	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

14. Related Party Transactions

The Independent Police Conduct Authority is a wholly owned entity of the Crown. The Government significantly influences the role of the Independent Police Conduct Authority as well as being its major source of revenue.

The Independent Police Conduct Authority has entered into a number of transactions with government departments, Crown agencies, and state-owned entities on an arm's length basis and in the course of their normal dealings.

Where those parties are acting in the course of their normal dealings with the Independent Police Conduct Authority, and the transaction are at arms length, related party disclosures have not been made for transactions of this nature.

During the period, the Independent Police Conduct Authority received \$5,713,000 (2009: \$4,120,000) of funding from the Crown. There was no balance outstanding as at 30 June 2010 (2009: \$nil).

There were no transactions with close family members of key management personnel employed by the Independent Police Conduct Authority in 2010 (2009: \$27,390).

15. Key Management Personnel Compensation

The compensation of the Authority (Chair and two board members), the Chief Executive and the Corporate Services Manager, being the key management personnel of the Independent Police Conduct Authority, is set out below:

	2010 Actual \$	2009 Actual \$
Short-term employee benefits	<u>866,775</u>	<u>925,981</u>
Total compensation	<u>866,775</u>	<u>925,981</u>

There were no post-employment benefits, other long-term employee benefits, termination benefits during the year (2009: \$nil)

The structure of senior management changed with the CEO leaving midway through the year. A Corporate Services Manager was appointed in April 2010. One of the board members also left midway through the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

16. Board member remuneration

The total value of remuneration paid or payable to each Board member during the year was:

	2010 Actual \$	2009 Actual \$
Justice L P Goddard	285,000	285,000
Allan Galbraith	230,000	167,000
Mel Smith	118,000	154,000
Total Board member remuneration	633,000	606,000

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year.

17. Commitments

(i) Capital commitments

There are no capital commitments at reporting date (2009: nil).

(ii) Operating lease commitments

Operating leases relate to the lease with 342 Lambton Quay Limited for the building accommodation at 342 Lambton Quay, Wellington, and the lease with the Partnership of Meredith Connell for the building accommodation and car park at 55-65 Shortland Street, Auckland.

The lease term with 342 Lambton Quay Limited is for a period of six years, with rights of renewal at 18 February 2015, at the same or lesser price. The Independent Police Conduct Authority does not have the option to purchase the leased asset at the expiry of the lease period.

The lease term with the Partnership of Meredith Connell is for a period of four years with no rights of renewal on the expiry of the lease at 31 March 2014. The Independent Police Conduct Authority does not have the option to purchase the leased asset at the expiry of the lease period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual \$	2009 Actual \$
Less than one year	374,002	302,316
Between one and two years	374,002	302,316
Between two and five years	931,626	906,948
Later than five years	-	201,544
	<u>1,679,630</u>	<u>1,713,124</u>
Total operating lease commitments	1,679,630	1,713,124

18. Contingent Liabilities

There are no contingent liabilities at reporting date (2009: \$nil).

19. Subsequent Events

There are no events subsequent to reporting date, that the Authority is aware of, that would have a material impact on the financial statements for the period ended 30 June 2010 (2009: Nil).

20. Major Budget Variances

The major budget variances are largely due to the Independent Police Conduct Authority being required to complete a special project (the Child Abuse Project) during the financial year. At the time the statement of intent was prepared, the Authority did not know it would be required to complete the special project. Therefore, it was not able to budget for the additional income it would receive, and expenditure it would incur during the year.

Statement of Comprehensive Income

Revenue from Crown:

Additional funding for the special project of \$1,700,000 was provided by the Crown.

Capital funding from the Crown of \$50,000 was incorrectly included in the 2010 budget as revenue. The amount has actually been recognised as a capital contribution to equity in the statement of changes in equity.

Professional Fees:

Professional fees spent during the year were much higher than budgeted as the special project required the Authority to employ a significant number of external contractors. This included the cost of lawyers and other professionals working on the project as well as contractors to complete the normal work of the Authority's employees who were working on the project.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

The Authority also undertook a restructuring exercise during the year which was completed by external contractors and was not budgeted for. Various contractors were managing the Corporate Services work of the Authority prior to the Corporate Services Manager starting in April 2010, and a Law firm was managing the human resources and employment issues of the Authority during the year.

Travel and accommodation:

Travel and accommodation expenses during the year were less than budgeted as the Authority was able to combine various projects and made fewer trips than expected.

Statement of Financial Position:

Cash and cash equivalents:

The cash balance at the end of the year was higher than expected as \$600,000 was received just prior to balance date to cover expenditure on the special project in the 2011 financial year. In addition, less cash was also spent on core activities of the Authority during the year as the Authority concentrated on the completion of the special project.

Property, plant and equipment & intangible assets:

The net carrying amount of property, plant and equipment and intangible assets are both higher than budgeted as more assets were purchased than expected during the year. The majority of additional assets purchased were for the special Project.

Creditors and other payables:

The balance of Creditors and other payables was higher than budgeted at balance date as more expenditure was incurred during June 2010. The receipt of \$600,000 from the Crown for the special project in June 2010 resulted in a year end GST liability to Inland Revenue of \$40,000. The Authority had originally budgeted for a GST refund for the May – June 2010 period.



Statement of Responsibility

INDEPENDENT POLICE CONDUCT AUTHORITY

In the financial year ended on 30 June 2010, the management of the Independent Police Conduct Authority was responsible for:

- the preparation of the annual financial statements, the statement of service performance and for the judgments used therein;
- establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the Authority's financial reporting.

In the opinion of the management of the Independent Police Conduct Authority, the financial statements and the statement of service performance for the financial year fairly reflect the financial position and operations of the Authority.



THE HON. JUSTICE GODDARD
CHAIR
INDEPENDENT POLICE CONDUCT AUTHORITY
28 OCTOBER 2010



ALLAN GALBRAITH
BOARD MEMBER
INDEPENDENT POLICE CONDUCT AUTHORITY
28 OCTOBER 2010



Audit Report

INDEPENDENT POLICE CONDUCT AUTHORITY

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**To the readers of the Independent Police Conduct Authority's
financial statements and statement of service performance
for the year ended 30 June 2010**

The Auditor-General is the auditor of the Independent Police Conduct Authority (the Authority). The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Authority for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Authority on pages 41 to 64:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - › the Authority's financial position as at 30 June 2010; and
 - › the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Authority on pages 33 to 40:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - › its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and

- › its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 28 October 2010 and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Authority as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Authority's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

The Auditor-General, as an Officer of Parliament, is constitutionally and operationally independent of the Government, and of public entities such as the Independent Police Conduct Authority. Prior to commencing her role as Auditor-General on 5 October 2009 the Auditor-General, Lyn Provost, was Deputy Commissioner of the New Zealand Police. Thus the Deputy Auditor-General deals with all matters relating to the New Zealand Police and the Independent Police Conduct Authority. Other than this matter, the Auditor-General has no relationship with or interests in the Independent Police Conduct Authority.



Clare Helm

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

AUDIT DISCLAIMER**Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of the Independent Police Conduct Authority (the Authority) for the year ended 30 June 2010 included on the Authority's website. The Authority's Board is responsible for the maintenance and integrity of the Authority's website. We have not been engaged to report on the integrity of the Authority's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 28 October 2010 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.



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