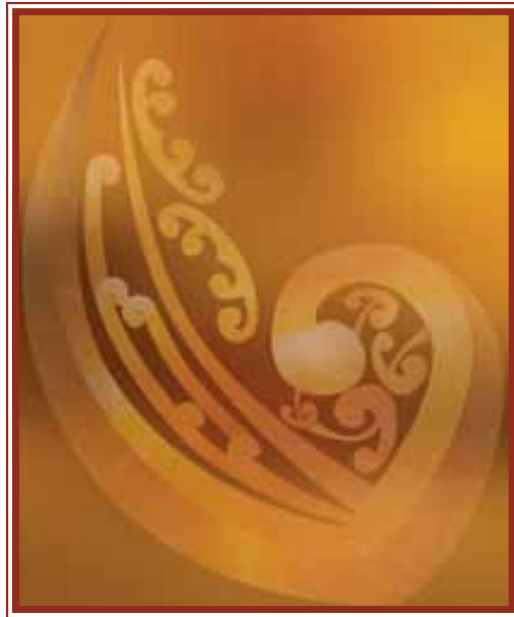




Independent Police Conduct Authority

# ANNUAL REPORT 2010 – 2011



**IPCA**

Independent Police Conduct Authority  
Whaia te pono, kia puawai ko te tika

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 2010 to 30 June 2011.



The Hon. Justice L.P. Goddard

CHAIR, INDEPENDENT POLICE CONDUCT AUTHORITY

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November 2011

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IPCA  
Level 8  
342 Lambton Quay  
PO Box 5025,  
Wellington 6145  
Aotearoa New Zealand

0800 503 728  
P +64 4 499 2050  
F +64 4 499 2053  
[www.ipca.govt.nz](http://www.ipca.govt.nz)



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INDEPENDENT POLICE CONDUCT AUTHORITY

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# Foreword

INDEPENDENT POLICE CONDUCT AUTHORITY

During the year under report the Authority has continued to work assiduously to ensure that public confidence in the performance and integrity of New Zealand Police is enhanced through robust and independent oversight. The added value and impact of the Authority's effective discharge of its role is reassurance for the public and the Government that New Zealand policing standards are of the highest calibre and that any issues for Police, or for members of the public in their interaction with Police, will be carefully and independently examined and constructively reported on.

In order to maximise outcomes and ensure the maximum impact from its outcomes, the Authority has focused on continuing to improve the quality and timeliness of its work during 2010/11 and has also continued to improve its accessibility and visibility. In endeavouring to achieve these goals the Authority has worked to utilise its modest resources to best advantage in all of these areas.

Of particular significance is that out of a total of 24 recommendations made by the Authority during the year, fifteen have been accepted and/or implemented by Police, and the remainder are under active consideration. Most importantly, the outcome of some of those recommendations has resulted in measurable impacts. For example, in the critical area of child abuse investigations, all of the recommendations made by the Authority following its independent inquiry into Police's management of child abuse investigations were unreservedly accepted and implemented by Police, and the standardised management of these files has now become the 'gold standard' for the management of all Police investigation files. This must be having a positive impact on the quality of policing generally. Other outcomes with positive impact were in the areas of privacy attaching to personal information held by the Police; and in relation to high risk custody situations.

The Authority has also undertaken organisational change during the year to ensure its structure is flexible enough to deliver efficiency gains in the short to medium term and is working towards a broader effectiveness focus in the longer term.

The Authority released a record number of public reports of investigations during the full financial year. Seventeen reports were issued, an average of one almost every three weeks. Although the Authority's work is bound by secrecy and confidentiality requirements it has

discretion to report its findings and opinions publicly. The overriding criterion for determining whether or not a public report will be issued is that it is in the public interest to do so. The release of public reports also serves to raise the public profile of the Authority (and thus its visibility and potential for accessibility); and importantly it also contributes to its vision statement of enhanced public confidence in Police through independent oversight.

Thirteen of the Authority's 2010/11 public reports concerned fatal Police pursuits or serious injuries associated with Police driving; others related to the Authority's *Part II* report on the *Child Abuse Inquiry*; the report into the death of *Francisco Javier de Larratea Soler*; and the Police response to the *Tony Veitch* report. These reports are the examples of significant impacts made during 2010/2011 to which I referred earlier.

The Authority chose to temporarily suspend the release of public reports for five weeks following the 22 February earthquake in Christchurch. Given the scale of the tragedy and the response required, the Authority believed it was necessary to minimise distractions and pressures for Police during the National State of Emergency.

In addition the Authority is pleased to report on the positive impact of its work as a National Preventive Mechanism under the Optional Protocol to the Convention Against Torture (OPCAT). For the second consecutive year, the Annual Report contains a dedicated chapter on the Authority's domestic and international responsibilities to monitor and report on places of Police detention. In 2007 New Zealand ratified the OPCAT, part of a United Nations human rights treaty. While the Authority's OPCAT and investigations roles are necessarily conducted independently of each other, the Authority's OPCAT work strengthens and informs its human rights focus when conducting independent investigations and can lead to positive impacts on conditions and treatment for detainees.

During the coming year I look forward to consolidating the constructive working relationship with the new Commissioner Peter Marshall; and to furthering the Authority's positive impact on Police conduct, practices, policies and procedures.



THE HON JUSTICE LOWELL GODDARD  
CHAIR



# About the Authority

INDEPENDENT POLICE CONDUCT AUTHORITY

## LEGISLATION

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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.

Any internally reported matters concerning serious misconduct or serious neglect of duty are referred to the Authority under a Memorandum of Understanding with the Police and thereafter treated in the same manner as an externally reported 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 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 parallel Authority and Police investigations.

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.

### Crimes of Torture Act 1989

The Authority has domestic and international responsibilities under the Crimes of Torture Act 1989 for monitoring places of Police detention, such as cells and vehicles, to ensure they are safe and humane and meet international standards.

Following amendments to the Crimes of Torture Act in 2006, the New Zealand Government ratified the Optional Protocol to the Convention Against Torture (OPCAT), part of a United Nations human rights treaty, in March 2007. New Zealand is currently one of 60 states which are parties to the OPCAT.

The Crimes of Torture Act designated the Authority as a National Preventive Mechanism (NPM) with powers to examine places of detention and to make recommendations. This is distinct from the Authority's role in handling complaints about Police conduct, and has more of an emphasis on preventive and educative measures.

The Authority reports annually to the central NPM, the Human Rights Commission (HRC). The HRC collates the Authority's report with those of other NPMs (the Office of the Ombudsmen, the Office of the Children's Commissioner, and the Inspector of Service Penal Establishments in the New Zealand Defence Force) and formally presents it to Parliament and to the United Nations.

### MEMBERSHIP

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The Authority is governed by a Board which may comprise up to five people.

The Chair, Hon Justice Lowell Goddard was appointed in 2007. Allan Galbraith has served as a Member of the Authority since 2008. Both serve in a full-time capacity. In September 2010 three additional Board members were appointed: Angela Hauk-Willis; Dianne Macaskill; and Richard Woods. They have contributed a range of specialist expertise and governance skills to the Board's work, and are engaged in a part-time capacity.

### INDEPENDENT ROLE

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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 resolution by 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. The Act provides that the Authority must be chaired by a Judge. This 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, staff from the Professional Standards Group, 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 in the same manner as if they were externally reported 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.



# 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

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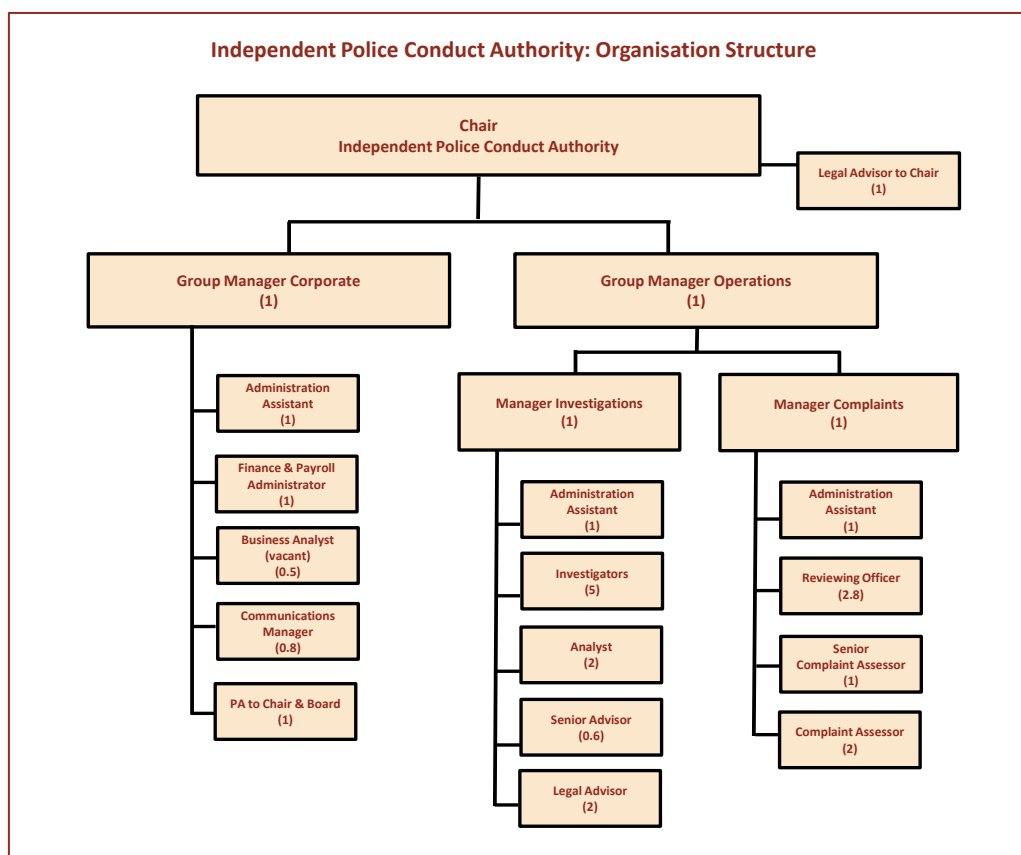
The Authority is structured into a Corporate Group and an Operations Group. The Operations Group is composed of an Investigations team and a Complaints Management team.

The Authority's Board oversaw a process of organisational change during the year. The Board was concerned to address the Authority's strategic direction, including opportunities and risks for the Authority to operate at full potential. The Board concluded that a more robust organisation design was required to realise strategic direction.

The emphasis on efficiency suggests an organisation structure that enables focused filtering and prioritisation in the complaints management process. This focus will also provide the opportunity for the development of more effective communication with complainants.

In the short to medium term the Board is also focused on applying appropriate resources to the independent and transparent investigation of serious complaints and incidents and to producing, in a timely manner, public reports of the highest quality.

## Organisational Structure



**Figure 1**

### 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.

Staff training and development is undertaken where appropriate. Examples during 2010/11 included study assistance for some staff; the provision of professional development opportunities at relevant seminars and conferences; and support for international engagement with Police oversight and human rights agencies.

Flexible work arrangements are accommodated especially for part-time staff who are largely able to nominate the chosen days of work each week, and for others whose circumstances may require it from time to time.



# Investigations and Complaints

INDEPENDENT POLICE CONDUCT AUTHORITY

## INVESTIGATIONS

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The Authority has five investigators and a number of other staff such as analysts and legal advisors.

Seventeen reports were released during the full financial year, an average of one almost every three weeks. This compared to fifteen in 2009/10; eleven in 2008/09; and five in 2007/08.

Thirteen were concerned with fatal Police pursuits or serious injuries associated with Police driving; one related to a death in custody and another to use of force against a person in custody; one concluded the major *Child Abuse Inquiry*; and one concerned important issues around privacy and the treatment of personal information held by Police.

The Authority chose to temporarily suspend the release of public reports for five weeks following the 22 February earthquake in Christchurch, in order to minimise distractions and pressures for Police during the National State of Emergency. The one exception was the 24 February release of the *Tony Veitch* report, where 25 affected parties had already received embargoed advance copies.

The overriding criterion for determining whether or not a public report will be issued is that it is in the public interest to do so. The release of public reports also serves to raise the public profile of the Authority and as such contributes to our vision statement of enhanced public confidence in Police through independent oversight.

However the Authority is less concerned with the aggregate *number* of public reports than it is with ensuring the effective *impact* of its work through improved Police conduct, practices, policies and procedures.

Examples of significant impacts made during 2010/2011 relate to the Authority's Report of the *Child Abuse Inquiry Part II*; the report into the death in custody of *Francisco Javier de Larratea Soler*; and the Police response to the *Tony Veitch* report.

## Child Abuse Inquiry, Part II

The Authority released Part II of the report of its *Inquiry into Police Conduct, Practices, Policy and Procedures Relating to the Investigation of Child Abuse* on 17 February 2011.

The Part I report in May 2010 made 34 recommendations, all of which were largely implemented by Police by October 2010. One further recommendation was made in the Part II report in February 2011, namely;

*“The Child Protection Implementation Project Team, or a sub-group of that team, should be given an ongoing mandate for a further period of at least one year to oversee the implementation of changes to Police practices, policies and procedures arising out of its work, and to report back to the Police Executive Committee”.*

On 25 February 2011 the Commissioner of Police advised the Authority:

*“I have approved the establishment of a transition team comprised of members from the implementation project team to provide direction and oversight for the introduction of the changes required as set out in the recommendations in the IPCA Part I report and the Police Action Plan.*

*The team has been set up and I will recommend to my successor Peter Marshall that it be reviewed after an initial period of six months having regard to a series of indicators to provide assurance that those changes have moved to core workplace activity at district and national levels.”*

In the February 2011 issue of the Police magazine *Ten-One*, an article regarding the Authority’s *Part II* report contained the following comment:

*“Training on child abuse and neglect is a priority for Police going forward, says Detective Inspector Jim Gallagher, who leads the Child Protection Implementation Team.*

*Whereas previously such training was given only to CIB staff and those working on child abuse cases, in fact all police need to know how to respond to reports of child abuse and neglect, he says. Training will be rolled out more widely when a new syllabus begins in July.”*

A further article appeared in the July 2011 issue of *Ten One*, to mark the opening of a dedicated unit for the Wellington Police District Child Protection Team:

*“Wellington District faced a worst-case scenario when a backlog of child abuse files was uncovered in 2008. The opening of a new child protection unit last month marked the start of a new beginning. Detective Senior Sergeant Tusha Penny calls it, “my Nirvana.”*

*... Files built up throughout the Wellington District. It came to a head in 2008, when the scale of the backlog in Wairarapa was identified... The IPCA began its own investigation, widening inquiries to the whole of New Zealand. The IPCA made 34 recommendations, all accepted by Police. A Child Protection Implementation project team set about changing national child abuse policies and procedures, ensuring staff use the new case*

*management tool to best effect and rolling out an improved child abuse training structure.*

*....The pace of change has been incredible, says Tusha. "I have never seen such rapid change in my 20 year Police career. It's been swift, it's been necessary and it's been welcomed."*

The Authority regards the Police response to the *Child Abuse Inquiry* as a compelling example of its ability to positively impact on Police practices, policies, and procedures, for the benefit of both Police and child victims and therefore New Zealand society as a whole.

### **Death in custody of Francisco Javier de Larratea Soler**

On 1 July 2011 the Authority released the report into the death of Francisco Javier de Larratea Soler in Whakatane Police cells in December 2008 from the effects of taking methadone, alcohol, and an anti-insomnia drug. Mr de Larratea Soler was a 43-year old Spanish national who had been taken into custody on the morning of his death in order to sober up, after he was found lying on the footpath in a confused and intoxicated state.

The Authority found, inter alia, that Police did not comply with their own policies when assessing the risks to his health and wellbeing while in custody and that the risk evaluation process itself was also flawed and inadequate. Police did not comply with their own policies in relation to mandatory checks, and did not enter Mr de Larratea Soler's cell during the seven and a half hours he was in custody. At a supervisory and management level, Police failed to allocate resources so as to provide fulltime oversight of the watchhouse and cells at the Whakatane Police station.

The Authority made three recommendations in respect of policy and training for the care of persons in Police custody. Police responded publicly with the following comments:

*"...a new chapter of the Policing manual will be published. This material is focused on ensuring that the authorised custodial processes allow Police staff to identify and act on identified risks in the management of persons in their care. The chapter sets out the policy re checking a prisoner based on risk and implements the IPCA recommendation in this area as well as providing clear guidance for dealing with intoxicated or drug affected people.*

*Training and the widening focus on custodial management rather than custodial suicide management have also been identified as an area where Police can look to better manage the risks presented by those who have taken drugs or alcohol and come into Police custody.*

*... Bay of Plenty Police processes have been reviewed and strengthened following this incident. A number of changes have been made to custodial management systems and processes in the Bay of Plenty Police District, and specifically Whakatane Police Station, since Mr Soler's death. Additional training has been provided to all staff, not just those usually working in the watch house area, about the management of intoxicated people*

*in Police custody. There have also been structural changes to the working environment in the watch house area at Whakatane Police Station, which has led to improvement in relation to the management of prisoners.”*

### **Tony Veitch report**

In response to a complaint from counsel for Auckland broadcaster Tony Veitch, the Authority conducted an extensive investigation into the Police decision to release information about assault charges which had been dismissed by the Court, and without first honouring an undertaking to consult Mr Veitch’s counsel.

The complaint was that had there been any indication that Police intended releasing information about charges which were not substantiated in Court, Mr Veitch would have proceeded to defend all allegations against him.

The Authority found no precedent in which documents of the type released in this case, following a decision by Police not to proceed with charges and their dismissal by a Court, were subsequently released publicly.

The complaint had implications beyond the personal and professional effect on Mr Veitch, and raised questions of public importance around personal information held by Police. The Authority consulted the Ombudsmen during its investigation.

Following the release of the Authority’s report in February 2011, Police responded with the following public statement:

*“Police have addressed issues with the management of requests for information under the OIA and Privacy Acts. We’ve taken action in three areas - training, systems and clarification of roles and responsibilities....*

*Key changes include: ongoing training will be provided to relevant staff on how to respond to requests; a documented process that will apply nationally; responsibility for the reply now rests with the business owner; a single electronic system to log and track requests is being rolled out throughout the country; District Coordinators have been designated to coordinate and oversee the OIA and Privacy functions; requests forms are available from police and online; online guidance is available to staff; the requirement for high level sign-off of "highly sensitive" requests.”*

### **Other recommendations**

As well as the above examples a number of other recommendations were adopted by Police during the year. A total of 24 recommendations were made by the Authority: ten have been accepted and implemented; a further five have been accepted but are yet to be implemented; and the remaining nine are still under Police consideration.

These largely related to less high-profile investigations. Nevertheless the impact of the Authority’s recommendations was still felt across day-to-day Police conduct, practices, policy and procedures.

While the 2010/2011 year was dominated by reports into fatal Police pursuits, a number of other serious incidents were referred to the Authority.

### **Fatal shootings**

The Authority is currently investigating two fatal Police shootings, although one occurred just outside the formal reporting year. The shootings resulted in the deaths of Lachan Kelly-Tumarae, aged 19 years, at Hastings on Monday 28 March 2011; and Antony Ratahi, aged 46 years, at Opunake on Saturday 16 July 2011.

Both investigations will benefit from the Authority's new multi-disciplinary approach: a legal advisor and an analyst were appointed to the investigation from the initial stages and will continue to work closely with the Authority's Investigator throughout the investigative process.

### **Death of Timothy Parlane**

The Authority is investigating the circumstances surrounding the death of 27 year old Timothy Parlane late on the night of Friday 4 March 2011. Mr Parlane was struck by a train near Kaiwharawhara in Wellington, shortly after he had been questioned by Police on suspicion of the murder of Matthew Hall in his Johnsonville home.

### **Death of Diane White**

Fifty-three year old Diane White was killed by her Hamilton neighbour in January 2010. The Authority has investigated Police involvement with Ms White and her neighbour before the killing.

### **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 death or serious bodily harm. The Authority may investigate such incidents when satisfied there are grounds for doing so in the public interest.

During 2010/11 the Authority received 85 notifications under section 13. A large proportion did not meet the criteria for investigation or review. Significantly, of the others, 35 related to deaths or injuries following Police pursuits.

### **Category 1 incidents and complaints**

During the 2010/11 year the Authority classified 138 incidents and complaints as Category 1. Those complaints were of the most serious type and required independent investigation by the Authority (see page 17). They included allegations of serious assaults by Police officers, failures by Police to adequately investigate serious matters, and deaths or injuries following Police pursuits.

## Memorandum of Understanding

The Memorandum of Understanding signed between the Authority and Police in 1994 covers instances of serious misconduct or serious neglect of duty which put at risk the reputation of the Police and which are internally reported within the Police.

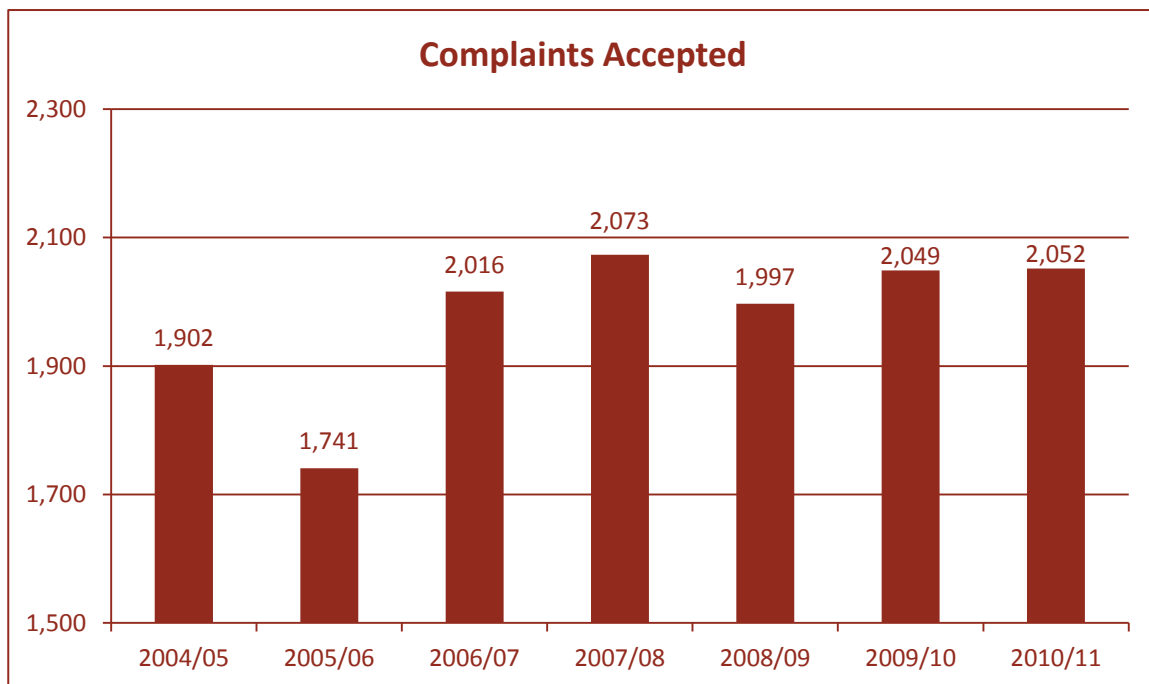
Under the MoU, cases are referred by Police to the Authority even though there may not be a complaint from a member of the public, or there may not have been a death or serious bodily harm. During 2010/11 the Authority received 23 MoU notifications classified as Category 1, thus requiring investigation by the Authority; and 60 notifications classified as Category 2, thus requiring review by the Authority (see page 17 for an explanation of the categories). Examples of notifications were inappropriate behaviour; alleged corruption; and assaults.

## COMPLAINTS MANAGEMENT

The Complaints Management staff handle incoming complaints. They also manage the relationships with complainants and the Police when a complaint is referred to Police for investigation, and manage the reviewing and auditing of the Police handling of such cases.

### Number and workload

There were 2052 complaints received during the year, just three more than the previous year. The highest annual total was 2,073 during the 2007/08 year.



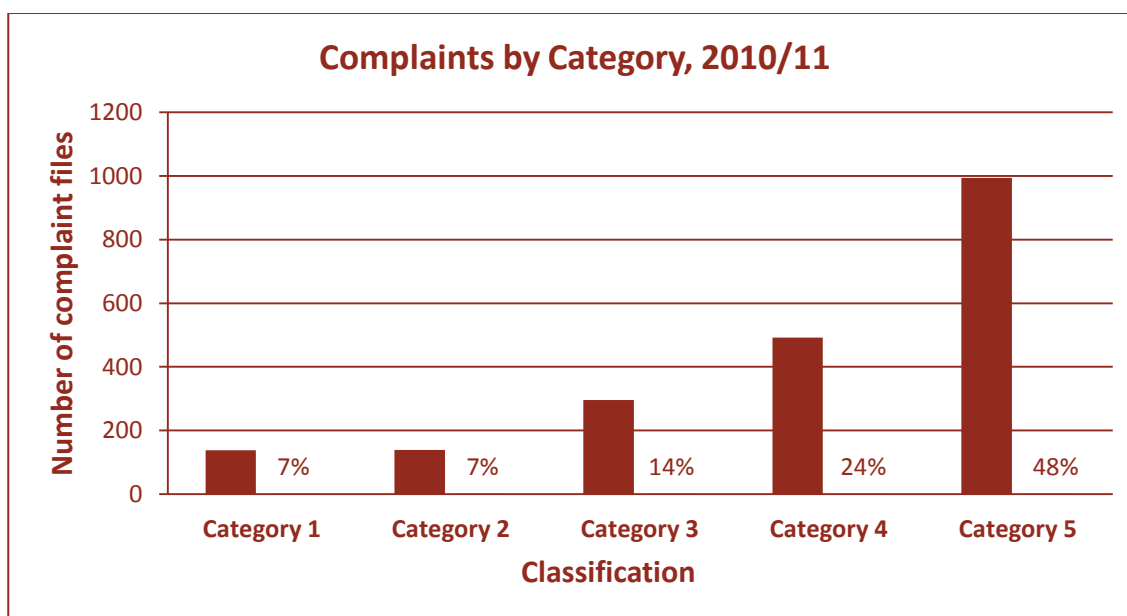
**Figure 2**

While the Authority's investigations have a high public profile, the Complaints Management staff are responsible for around 93 per cent of the 2052 complaints accepted by the Authority during 2010/2011 (see Figure 3).

A Tasking and Co-ordinating Group meets weekly to review and categorise all new complaints and is co-chaired by the Manager: Investigations, and the Manager: Complaints. This enables discussion and consultation to occur across all business units of the Authority, ensuring consistency in decision-making and best use of the Authority's resources.

In order to effectively monitor complaint trends, Complaints Management staff update the Authority database to enable tracking of complaints by searching under keywords. For example, 19 complaints about Police conduct related to the Canterbury earthquakes were received during the 2010/2011 year. Most were at the minor end of the scale, such as language and attitude at Police cordons. A further category has been added to capture any complaints regarding Police conduct during the Rugby World Cup. Senior Authority staff have been briefed on Police planning and preparations and will receive a daily briefing from the Police coordination centre in the course of the event.

Of the 2052 complaints accepted in the full financial year, more than a third (36%) were received via the IPCA website; a quarter (27%) were referrals from Police themselves; and about one-fifth (18%) arrived by way of letter.



**Figure 3**

In order to allocate resources most effectively, the Authority categorises cases by level of seriousness. The categories are as follows:

- **Category 1:** IPCA investigation or oversight. This category covers all instances of death or serious bodily harm associated with Police actions, such as a fatal pursuit or fatal shooting, and serious complaints with high public interest. All are mandatorily notified to the Authority under the IPCA Act. The category also covers allegations of serious

criminal offending, corrupt practices, sexual offending, and serious misconduct or serious neglect of duty notified to the Authority under its MOU with Police or received as a complaint. 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. Criminal matters which do not meet the threshold for Category 1 are dealt with in Category 2 or 3. 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.

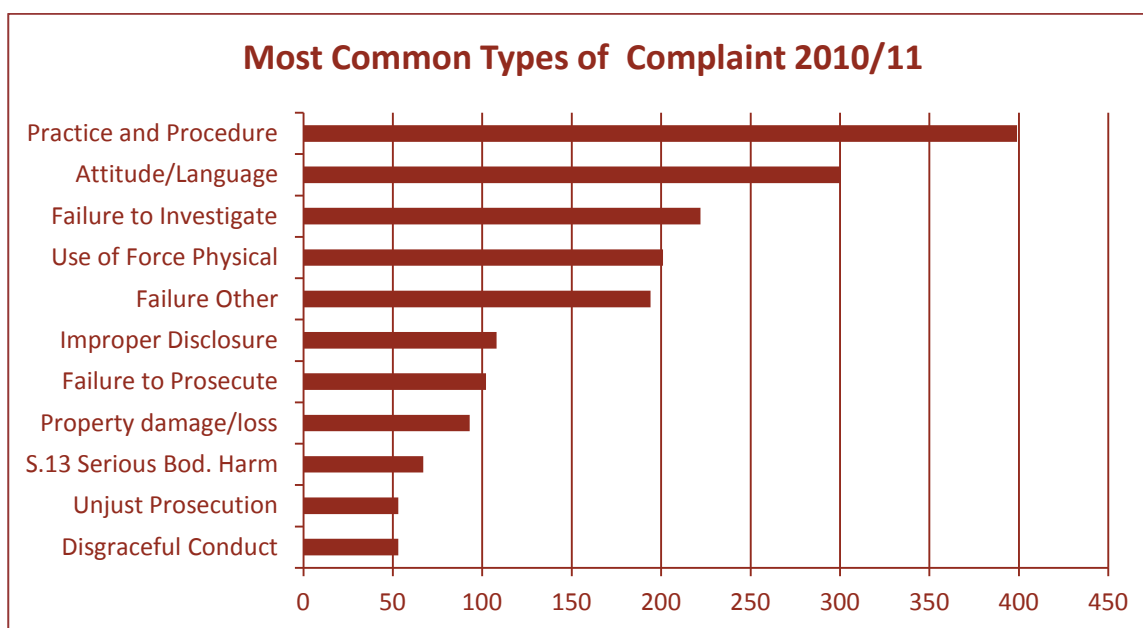
Current practice is for the majority of complaints to be referred for Police investigation under the Police Code of Conduct, while the most serious are retained for investigation by the Authority. The Authority has criteria – based on factors such as seriousness and public interest in the incident – 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.

#### Type of Complaints (Figure 4)

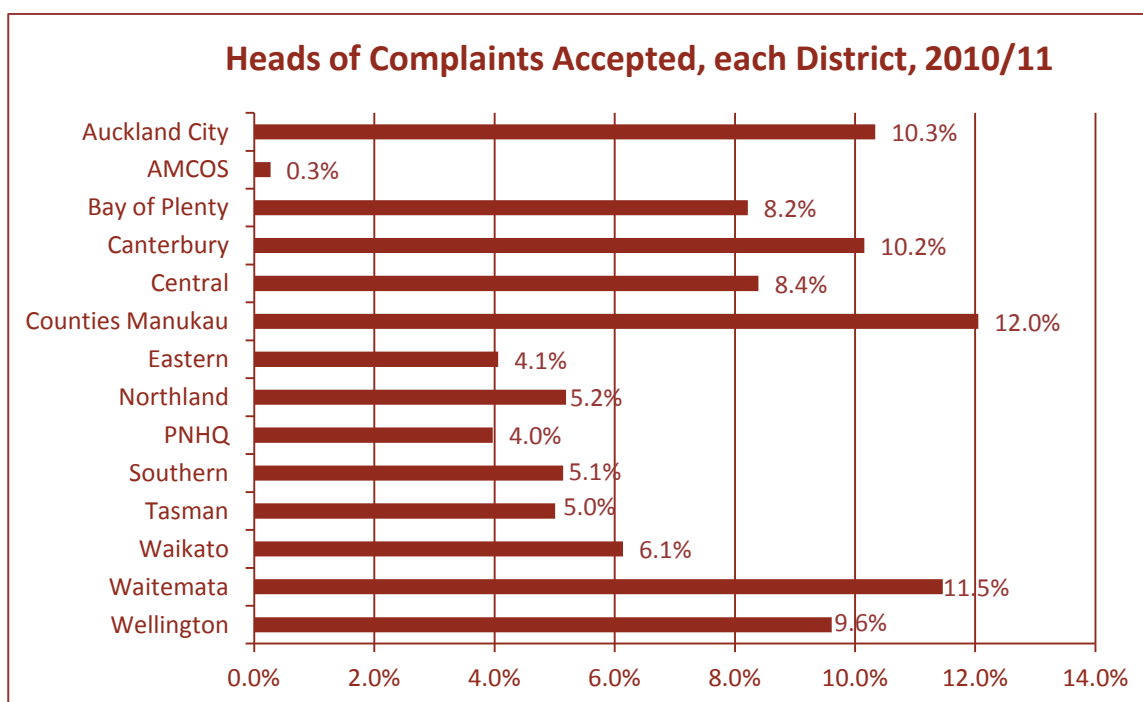
Within each individual complaint there may be several separate Heads of Complaint. For example, a person may allege *failure to investigate* and also complain about *attitude/language* arising out of the same incident.

The most common Heads of Complaint related to:

- Police *practice and procedure* (399)
- Police *attitude and/or language* (300)
- Police *failure to investigate* (222)
- Police *use of force-physical* (201)
- Police *failure-other*, for example, failure to provide food and water, or failure to secure an impounded car (194)



**Figure 4**



**Figure 5**

The complaints can also be classified by District (figure 5). 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 the major metropolitan centres: Waitemata; Counties Manukau; Auckland City; Canterbury; and Wellington.

## COMMUNICATIONS

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### Public reports and website

The Authority's primary methods of communicating with the public and media are through its public reports and its website. 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 and in 2010/11 there was an average of one report issued every three weeks. In 2007/08 five public reports were released, in 2008/09 eleven public reports were released, and in 2009/10 there were fifteen. However the vast majority of complaints are resolved by way of direct correspondence with the complainant.

Where the Authority proposes to make an adverse finding about any person in a public report or in correspondence to the Commissioner of Police, the Authority first undertakes a 'natural justice' process as required under section 31 of its Act. The section 31 process provides an opportunity for that person to be heard, and the Authority takes such submissions into account.

The Authority continues to expand the range of material available on its website relating to its functions and reporting under the Crimes of the Torture Act (see page 6). Under this Act the Authority has powers to examine places of detention and to make recommendations. This is distinct from the Authority's role handling complaints about Police conduct, and has more of an emphasis on preventive and educative measures.

### Satisfaction Surveys

The 2007 Commission of Inquiry into Police Conduct recommended the Authority should conduct random sample surveys of complainants to gauge satisfaction. Recommendation no.25 stated that the Authority *"...should seek feedback from complainants by way of random sampling on their experience of the complaint process."* The Authority decided that in addition, Police officers would be surveyed using a separate questionnaire.

In March 2010, the Authority began surveying complainants who had a category one or two file closed from that date (see page 17 regarding these categories). In addition, the Authority surveyed Police staff subject to investigation in the same categories of complaint. The complainants and Police staff were mailed a confidential self-completion questionnaire and a prepaid return envelope.

The response rate was 24% for complainants and 43% for Police. Nevertheless, the absolute numbers who returned the surveys were statistically very low: that is, 32 individual complainants and 138 individual Police staff. The Authority investigated the use of online surveys utilising emails and a website, as a possible remedy to this low response. The online surveys have been designed and tested, and will commence in October 2011. A key objective for this new methodology is an improved level of response.

## Public reports released during 2010/11

### Fatal pursuit of Israel Porter

16 June 2011 - The Police officer involved in a fatal pursuit near Hamilton in March 2010 complied with law and policy.

### Fatal pursuit of Chase Glen Neary; and Police pursuit resulting in serious bodily harm to two youths

6 May 2011 - Investigations of two separate Police pursuits in Picton and Auckland in February and August 2010 found officers were justified in commencing the pursuits, one of them fatal, and one resulting in serious injuries.

### Fatal pursuit of Leith David Barnes; Fatal crash involving a Police vehicle (Michael Roden Plimmer); and Fatal Police collision with Paul Brown

8 April 2011 - Investigations into the deaths of three motorists involved in separate accidents in Wellington, the North Shore, and the Waikato in early 2010 found Police largely complied with policy in two of the incidents, but not in the third.

### Release of a Police file regarding Tony Veitch

24 February 2011 - An investigation of the way Police dealt with a request to release a file regarding Auckland broadcaster Tony Veitch in 2009 found a number of errors, in a case that had wider public interest implications.

### Child Abuse Inquiry Part II

17 February 2011 - The Authority urged Police to continue the momentum for positive change in child abuse investigations, after finding serious failures in the Wairarapa and elsewhere.

### Deaths of Norman Fitt and Deidre Jordan following a Police pursuit

7 February 2011 - The Police pursuit of a driver who killed two other motorists in Christchurch in August 2010 was justified and was conducted according to law and policy.

### Serious bodily harm to a Police officer during a Police pursuit

17 December 2010 - Multiple breaches of policy occurred during a Police pursuit that left an officer seriously injured when he was hit by the pursued vehicle on Auckland's North Shore in March 2009.

### Fatal pursuit of Tama Dobson, Shannon Smiler and Karleane Magon

17 December 2010 - The Police pursuit of a car that crashed in central Christchurch in July 2010, killing three people, was conducted according to law and policy.

### Deaths of Steven John Gorrie and Makoto Izumi following Police pursuit; and Death of Ricky Allan Forbes following a Police pursuit

3 December 2010 - The Police officers involved in two fatal pursuits near Warkworth and Murchison in April and February 2010 complied with law and policy.

### Death in custody of Anthony McGuire

3 November 2010 - Several Police officers failed in their duty of care towards Anthony McGuire, who hanged himself in Police custody in Rotorua in May 2008.

### Fatal pursuit of Martyn Dillon

27 August 2010 - A Police pursuit of a 22 year old motorcyclist that ended with him losing control and dying in a crash in Palmerston North in December 2009 was conducted in full accordance with Police policies.

### Use of force against Rawiri Falwasser

6 August 2010 - The actions of four Police officers who used force against Rawiri Falwasser at Whakatane Police station in October 2006 were unnecessary, unreasonable, and unjustified.

### Fatal pursuit of Pehi Tahana

26 July 2010 - A fatal Police pursuit that covered more than 43 kilometres between the Bay of Plenty and Waikato in February 2007 was plagued with communication difficulties and should have been abandoned in its later stage.



# Optional Protocol, Convention Against Torture

INDEPENDENT POLICE CONDUCT AUTHORITY

## BACKGROUND

New Zealand ratified the Optional Protocol to the Convention against Torture (OPCAT) in March 2007, following amendments in 2006 to the Crimes of Torture Act 1989. Ratification of this United Nations human rights treaty requires the Government to ensure that all places of detention in New Zealand are safe, humane environments that meet international standards. OPCAT is an international instrument concerned with the *prevention* of violations and establishes a dual process of national and international monitoring and reporting.

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

1. Examine conditions of Police detention and the treatment of detainees;
2. Make recommendations to those in charge of detention facilities with respect to the 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.

The Authority is entitled to unrestricted access to information about the number of detainees; the treatment of detainees; and the conditions in places of Police detention. The Authority also has unrestricted access to any place of detention (such as a Police cell) and to any person who is detained. The Authority is entitled to interview detainees and others, and there is legislative protection for those who provide information in good faith to the Authority.

NPMs also retain the powers, protections, privileges or immunities they have been afforded under their own enacting legislation. As such, all powers, protections, privileges or immunities conferred by the Independent Police Conduct Authority Act also apply to the Authority when conducting its OPCAT functions.

## VISITS AND ENGAGEMENT

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### Visits

The Authority conducted 20 site visits to places of Police detention during 2010/11. The visits were to both urban and rural sites, and to Police Districts where sites had not been previously inspected. Thirty percent of the site visits were unannounced. The Authority Chair also conducted supplementary visits to detention facilities in Wellington, Waitemata, and Northland. The Authority will continue to ensure that unannounced and repeat visits form an integral part of the site visit plan for the 2011/12 year.

The target for the 2010/11 year was 30 visits. Fewer sites were visited as a result of a broadened focus for the Authority's OPCAT work and pressure on limited resources. During the year the Authority's OPCAT team undertook a significant amount of research, evaluation and engagement with outside groups in addition to the schedule of visits. The Authority believes it can enhance its overall effectiveness and strategic impact by combining site visits with preventive and educative projects.

In light of the Authority's new strategic focus, the target for the 2011/12 reporting year will be a minimum of 15 site visits. Should there be sufficient resources and capacity to undertake further site visits over and above this target, the Authority will make every effort do so. The Authority is committed to the principle outlined in Article 1 of the OPCAT, which has as its primary objective *"a system of regular visits undertaken by independent international and national bodies to places where people are deprived of their liberty, in order to prevent torture and other cruel, inhuman or degrading treatment or punishment."*

### Engagement

#### *New Zealand Police*

The Authority continued to engage with Police through both Police National Headquarters (PNHQ) and at a district level. The OPCAT team responded to specific enquiries about inspections and thematic custody issues; undertook dialogue with liaison officers as part of its Joint Thematic Review on Children and Young Persons in Police Custody (discussed below); and engaged at the national level with the Police OPCAT portfolio holder.

The Authority has initiated constructive dialogue with PNHQ regarding a suitable system for referring information on 'near misses' in Police custody (attempted suicide or self harm). The ability to track and evaluate emerging trends and to respond appropriately is an important part of the Authority's preventive monitoring role. The Authority has also sought information from Police on the national rollout of an electronic custody module (ECM), a digital platform that will allow Police staff to record and retrieve information relating to a detainee during their time in custody. The Authority is also considering a range of other developments in Police practices, policies and procedures, including new custodial management policies; new means of restraint; and matters relating to pre-trial detention issues.

The Authority's performance under its OPCAT mandate has had a measurable impact on Police policies and procedures. While the Authority's mandate over Police detention is largely independent from its role as the oversight body for Police conduct and practices, the knowledge and experience gained from the OPCAT work has contributed to a strengthened focus on human rights during the Authority's independent investigations. It has made a positive impact on conditions and treatment in places of Police detention. An example of this during 2010/11 was the Authority's report into the death of Francisco Javier de Larratea Soler in Whakatane Police cells. This case is discussed in more detail on page 13.

### *NPMs*

The Authority continued to work closely with the Human Rights Commission and other NPMs during the year. The Authority and the Office of the Children's Commissioner (OCC) took part in a joint three-day site visit to a Youth Justice residence in March 2011. The OCC is one of the designated monitoring agencies for Youth Justice facilities (along with the Office of the Ombudsmen). The visit was a valuable learning opportunity and allowed staff to share methodologies and perspectives. The Authority also contributed to the OCC draft report on the site visit. Where resources and capacity permits, the collaboration between NPMs will continue and will add significant value and depth to OPCAT work in New Zealand.

### *Research*

#### *i. Joint Thematic Review*

In December 2010 the Authority announced a Joint Thematic Review of Children and Young Persons in Police Custody (JTR) with the OCC and the Human Rights Commission. Police nominated a senior officer and other subject matter experts to serve in a liaison role.

The Authority called for submissions from members of the public, Police and Child Youth and Family. The Authority also established an Independent Advisory Group, made up of academics, practitioners, members of the judiciary, and advocates. It will ensure a range of views are heard during the review. The Authority and the OCC will conduct a joint site visit as part of the review.

In May 2011 the Authority hosted an inter-agency workshop to discuss the JTR. It was attended by staff from the Authority, the OCC, the Royal New Zealand Police College and Police National Headquarters. The purpose of the half-day workshop was to gain a greater understanding of the training delivered to Police staff in relation to Children and Young Persons, both in terms of general policing and in the context of holding young people in custody.

#### *ii. Deaths in Custody*

International experience has found that OPCAT work can be most effective in a preventive and educative sense if a range of initiatives are undertaken.<sup>1</sup> In this regard, the Authority has

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<sup>1</sup> UN Subcommittee on Prevention of Torture, UN Doc CAT/OP/12/6, 30 December 2010.

conducted a review of cases involving death in Police custody or death following Police custody. The Authority has identified various factors behind such deaths as relevant thematic issues under the OPCAT mandate, such as the use of restraints; suicides in custody or following custody; alcohol or other drug-related deaths; mental health and health-related deaths. The Deaths in Custody Review focuses on recurring themes in cases that have been referred to the Authority between 2000 and 2010.

The review is close to completion and is intended to provide evidence-based recommendations for the improvement of Police custodial processes and facilities.

### *Communications*

Promoting awareness of OPCAT, as provided for in the Optional Protocol, is an important part of the ICPA's work. The Authority's website has a dedicated OPCAT section with information aimed at both Police and the public.<sup>2</sup> In the 2010/11 reporting year, the Authority continued to raise awareness about OPCAT in New Zealand:

- August 2010 - OPCAT factsheets were produced for display in Police custody suites, offering guidance on the standards expected in detention facilities, and information about the Authority's role;
- October 2010 - an inaugural Civil Society Forum was held in Dunedin, where NGOs and other agencies (such as District Health Board mental health staff) with a working knowledge of Police detention issues were invited to discuss their experience in this field; and
- April 2011 - submissions were invited on the Joint Thematic Review of issues relating to the Police detention of young people (under 17 years).

### *International*

The Authority engaged with a number of international agencies and NGOs during the year to ensure New Zealand's performance in meeting its OPCAT obligations reflected international best practice.

The Authority Chair was elected to the United Nations Subcommittee on Prevention of Torture (SPT) for a two year term on 28 October 2010. The SPT holds three sessions in Geneva each year, in February, June, and November. The Chair, along with eight other members of the SPT, carried out an in-country mission to the Ukraine between 16 and 25 May 2011.

SPT members are also expected to contribute where possible to the work of relevant partners in the field of torture prevention. This can be achieved through participation in forums, conferences and workshops conducted by NGOs, academic institutions, and regional bodies.

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<sup>2</sup> <http://www.ipca.govt.nz/Site/publications/Conditions-of-detention-in-Police-custody/Default.aspx>

The Chair has taken part in engagement and capacity-building initiatives led by the Council of Europe in Albania, as well as in the Asia-Pacific region.

The work of the Chair as a member of the SPT is independent of the IPCA's OPCAT mandate and the position is held by the Chair as an independent expert. While the two roles are functionally and operationally independent, they are nevertheless directly relevant to each other and complement the Authority's Police oversight function. The information is included here to underline the importance of international experience and the exposure to methodology, systems and scholarship in other jurisdictions.

As a NPM, the Authority's engagement with international partner agencies has a significant impact on the quality of its preventive initiatives and human rights promotion strategies. OPCAT requires a multi-faceted prevention strategy:

*"Visits to places of detention should be a central part of any preventive system. However, visits themselves are not enough to prevent torture and other ill-treatment. As recognised in Article 2 of the UNCAT, the prevention of torture and other ill-treatment requires a range of legislative, administrative, judicial and other measures."*<sup>3</sup>

Key engagement initiatives undertaken by the Authority in the 2010/11 reporting year include:

#### *Monash University Conference*

In November 2010, the Authority participated alongside the Human Rights Commission and the Office of the Children's Commissioner in an international conference: *Accountability and Oversight in Human Rights Practices in Closed Environments*, hosted by the School of Law at Monash University in Melbourne. The conference is part of a three-year research project titled *Human Rights in Closed Environments* (e.g. prisons, psychiatric institutions and immigration detention facilities), and is a collaboration between Monash University, the Australian Research Council and six partner organisations. The conference allowed the Authority to engage with practitioners and academics, explain the New Zealand statutory framework and model, and respond to questions on detention monitoring.

#### *United Nations Office Geneva, Oversight Agencies in the United Kingdom*

A member of the Authority's OPCAT team undertook consultations with agencies associated with the United Nations Office in Geneva, the headquarters for the UN High Commissioner for Human Rights. The engagement was principally focused on enhanced collaboration, particularly in relation to the Authority's developmental and preventive work, as well as future OPCAT initiatives at the regional and international levels. It involved staff from the Association for the Prevention of Torture (an independent NGO founded in 1977), including the APT Secretary

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<sup>3</sup> Association for the Prevention of Torture, *OPCAT Implementation Manual 2010* (Rev ed, Imprimerie Courand et associés, Geneva, October 2010), p 20.

General, its OPCAT Coordinator and its Asia Pacific Programme Officer; and meetings were also held with human rights experts from other diplomatic missions and with United Nations staff. The Authority's representative participated in a meeting of the OPCAT Contact Group, an independent body recognised by the UN. The Contact Group includes: Amnesty International; the Association for the Prevention of Torture; the Human Rights Implementation Centre of the University of Bristol; the International Federation of Action by Christians for the Abolition of Torture; International Disability Alliance; the Mental Disability Advocacy Centre; the World Organisation Against Torture; Penal Reform International; the Rehabilitation and Research Centre for Torture Victims; and the World Network of Users and Survivors of Psychiatry.

The Authority was invited to contribute to the APT's forthcoming manual on *Monitoring Police Stations and Other Places of Detention under the Authority of Law Enforcement Agencies*. While a range of international material exists on human rights in detention generally, Police detention is a unique environment and requires further specialist attention. Identifying the issues that arise in this context and laying out methodologies for preventive monitoring will be a significant development in this field.

Further engagement during the year involved meetings with senior staff from the International Committee of the Red Cross. An Authority staff member also delivered a presentation to the APT on New Zealand's legislative framework and the work of the Authority. The Authority's commitment to preventive research was noted, as was the commitment of all New Zealand NPMs to work collaboratively on visits and other projects. In the United Kingdom, the Authority engaged with a number of agencies, including: Independent Police Complaints Commission; Her Majesty's Inspectorate of Prisons<sup>4</sup>; Her Majesty's Inspectorate of Constabularies; Office of the Children's Commissioner; Independent Custody Visiting Association; Metropolitan Police - Director of Nursing, Forensic Medical Services; Police Ombudsman for Northern Ireland; Northern Ireland Human Rights Commission; and the Northern Ireland Policing Board.

### **Enhanced capability**

The liaison with these agencies has enhanced the capability of the Authority as both a Police oversight body and a National Preventive Mechanism. It has provided the Authority with an opportunity to study methodology and best practice within comparable agencies, and fostered relationships that will contribute to the ongoing acquisition of knowledge.

A particular highlight was the opportunity to accompany an inspection team from Her Majesty's Inspectorate of Prisons (HMIP) and Her Majesty's Inspectorate of Constabularies (HMIC) on unannounced visits to three police stations in the Metropolitan Police area. HMIP and HMIC are designated as National Preventive Mechanisms under the OPCAT framework in the United

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<sup>4</sup> Her Majesty's Inspectorate of Prisons is the co-ordinating NPM for the United Kingdom.

Kingdom. In addition, the Authority's OPCAT team member accompanied inspection staff from the Northern Ireland Policing Board during a custodial visit to a high security detention centre in Belfast.

The lessons of the overseas experience will be shared with other agencies, including New Zealand Police, the Human Rights Commission, the Office of the Children's Commissioner, the Office of the Judge Advocate General and the Office of the Ombudsmen, who have expressed a desire to discuss the UK experience and operating practices, particularly around the detention and treatment of children and young persons and those suffering from mental illness.

In 2009/10, the Authority undertook significant internal change to improve its operational and development structures. In 2010/11, the Authority enhanced its OPCAT capabilities through domestic projects and international engagement. Looking ahead to the 2011/12 reporting year and beyond, the Authority will build on its domestic research and evaluation initiatives and international best practice to ensure the effectiveness and longevity of OPCAT detention monitoring in New Zealand.





# Statement of Service Performance

INDEPENDENT POLICE CONDUCT AUTHORITY

The delivery of Independent Police Conduct Authority services is funded under the Vote: Justice, Non-Departmental Output Class, *Equity Promotion and Protection Services*. The actual performance for the period, against forecast levels for each of the four main outputs, is noted below.

The Authority's operational activities are divided into two main areas: investigations and complaints management. Support for operations is provided by a small corporate services function, including communications, administration, IT and financial management.

The actual revenue and output class expenses compared with the forecasts set at the start of the year are:

|                 | <b>2010/2011<br/>Actual<br/>\$(000)</b> | <b>2010/2011<br/>Forecast<br/>\$(000)</b> |
|-----------------|-----------------------------------------|-------------------------------------------|
| <b>Revenue</b>  | 3,834                                   | 3,827                                     |
| <b>Expenses</b> | (4,372)                                 | (4,253)                                   |

## OUTPUT: INVESTIGATIONS

### *Description of the output*

The Investigations output involves the independent investigation, when it is in the public interest, of deaths and serious bodily harm caused or appearing to have been caused by Police employees. The IPCA's investigators also investigate or directly oversee the investigation of the most serious complaints against Police.

### *Objective*

All serious complaints against the Police, and, where it is in the public interest, incidents where death or serious bodily harm is caused by Police employees, are seen to be thoroughly, independently, and transparently investigated by the IPCA.

### *Contribution of the output area to the IPCA's desired impacts*

The Investigations output contributes to the short-term desired impacts such as the efficient use of IPCA capacity, increased timeliness, streamlined and efficient process management and broader communications approaches. The output contributes to the medium term desired impact of improving public and Police experience of the IPCA, strengthening public confidence in the independence of the IPCA, and it assists in demonstrating increased operational independence and influence on Police policy development.

| Output: Investigations                                                                                                                                                                                                                                                                                           |                                     |        |                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------|-----------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                  | Performance:<br>July 2010-June 2011 |        | Notes                                                                                                     |
|                                                                                                                                                                                                                                                                                                                  | Forecast                            | Actual |                                                                                                           |
| Quantity                                                                                                                                                                                                                                                                                                         |                                     |        |                                                                                                           |
| Where it is in the public interest, the IPCA will independently investigate incidents where a Police employee acting in the execution of his or her duty causes, or appears to have caused, death or serious bodily harm                                                                                         | 100% of incidents                   | 100%   |                                                                                                           |
| Independently investigate, or actively oversee the investigation of complaints against the Police alleging serious criminal offending, serious misconduct, neglect of duty, or corruption, likely to cause the greatest level of public concern, or having serious implications for the reputation of the Police | 95% of incidents                    | 100%   |                                                                                                           |
| Quality                                                                                                                                                                                                                                                                                                          |                                     |        |                                                                                                           |
| The Investigation Group will have in place with Police, coordinated effective processes for responding to notifications of serious incidents and complaints                                                                                                                                                      | 100% of incidents and complaints    | 99.3%  | Notification of serious incidents: 137<br>136 responded to within 5 days<br>1 responded to outside 5 days |
| For each investigation, an investigation plan will be developed by the lead investigator and approved by a supervisor                                                                                                                                                                                            | 100% of investigations              | 100%   |                                                                                                           |
| Investigations will be carried out in accordance with the approved investigation plan                                                                                                                                                                                                                            | 100% of investigations              | 100%   |                                                                                                           |
| Investigations will be the subject of scheduled supervisor assessments                                                                                                                                                                                                                                           | 100% of investigations              | 100%   |                                                                                                           |
| Reports prepared by investigators will be meticulous and impartial                                                                                                                                                                                                                                               | 100% of investigation reports       | 100%   |                                                                                                           |
| The quality of investigation reports will be assured through assessment by the National Manager, Investigations                                                                                                                                                                                                  | 100% of investigation reports       | 100%   |                                                                                                           |

| <b>Output: Investigations (cont)</b>                                                                                                                                                                                                                         |                        |      |                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recommendations arising from investigation reports will merit consideration for referral to the Commissioner of Police                                                                                                                                       | 80% of recommendations | 100% | Twenty-four recommendations were made to Police: ten were accepted and implemented; five were accepted but are yet to be implemented; and a further nine remain under Police consideration.                                          |
| <i>Timeliness</i>                                                                                                                                                                                                                                            |                        |      |                                                                                                                                                                                                                                      |
| The Investigation Group will assess and act upon notifications of serious incidents, and begin development of an investigation plan, within one working day of receipt                                                                                       | 100% of incidents      | 95%  | Notification of serious incidents under s.13 of IPCA Act: 38<br>Plan developed within one working day: 36<br>Plan developed outside one working day: 2                                                                               |
| The Investigation Group will assess and act upon notifications of serious complaints, and begin development of an investigation plan, within three working days of receipt                                                                                   | 100% of complaints     | 97%  | Notification of serious complaints: 65<br>Plan developed within three working days: 63<br>Plans developed outside three working days: 2                                                                                              |
| Investigators will make contact with victims, next of kin and complainants within five working days of being notified of an incident or complaint – except when the person to be contacted is not available, or contact is inappropriate                     | 90% of investigations  | 93%  | Notification of incident or complaint: 103<br>Contact not required: 57<br>Contact made within 5 days: 39<br>Contact made after 5 days: 7<br>Measure achieved in 96 of the 103 notifications                                          |
| Investigators will maintain contact with victims, next of kin and complainants and keep them apprised of progress as scheduled in the investigation plan, unless the person to be contacted is not available, or contact is inappropriate or is not required | 90% of investigations  | 100% |                                                                                                                                                                                                                                      |
| The investigator and a supervisor will regularly assess the progress of an investigation and the continuing validity of the investigation plan, at intervals of not more than 20 working days                                                                | 100% of investigations | 100% |                                                                                                                                                                                                                                      |
| Except in circumstances that are beyond the control of the IPCA, investigations will be completed within 12 months of notification                                                                                                                           | 90% of investigations  | 100% | Fifteen investigations were not completed within 12 months. There were a variety of factors, including: complexity of the investigation; difficulty with the availability of interviewees; ongoing criminal or judicial proceedings. |

## OUTPUT: COMPLAINTS MANAGEMENT

## Description of the output

Complaints management involves the receipt, assessment, categorisation, allocation, and monitoring of the majority of complaints received by the IPCA. Complaints are categorised according to the level of seriousness, which in turn determines how the complaint will be dealt with. Most serious complaints are independently investigated by the IPCA and those of a less serious nature are referred to Police for appropriate action/investigation. The action taken on complaints referred to Police are then monitored and audited by IPCA and if required, reviewed by the IPCA's complaints management officers.

## Objective

Complaints are dealt with in a fair, timely and efficient manner.

## Contribution of the output area to the IPCA's desired impacts

The Complaints Management output contributes to short-term desired impacts such as the efficient use of IPCA capacity, increased timeliness, streamlined and efficient process management and broader communication approaches. The output contributes to the medium term desired impact of improving public and Police experience of the IPCA.

| Output: Complaints Management                                                                                                                                                                                |                                     |        |                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                              | Performance:<br>July 2010-June 2011 |        | Notes                                                                                                                                          |
|                                                                                                                                                                                                              | Forecast                            | Actual |                                                                                                                                                |
| Quantity                                                                                                                                                                                                     |                                     |        |                                                                                                                                                |
| All oral complaints are received and processed                                                                                                                                                               | 100%                                | 100%   |                                                                                                                                                |
| Percentage of new/incoming complaint files opened and closed within six months (the measure standard is subject to any issues beyond the control of the IPCA)                                                | 50%                                 | 68%    | 1267 files were closed within six months, from a total of 1845. The Authority has improved the management of its data recording and reporting. |
| Percentage of new/incoming complaint files opened and closed within 12 months (the measure standard is subject to any issues beyond the control of the IPCA)                                                 | 70%                                 | 76%    | Total new files: 1845<br>Closed within 12 months: 1401                                                                                         |
| Percentage of complaint files 12 months or older (the measure standard is subject to any issues beyond the control of the IPCA)                                                                              | 15%                                 | 19.3%  | There were 519 open category 2-5 files on 30 June. 100 were aged 12 months or more.                                                            |
| Quality                                                                                                                                                                                                      |                                     |        |                                                                                                                                                |
| For complaints which have been assessed as serious, and are referred to the Police for investigation and independent review by the IPCA, complainants will receive progress updates on a three-monthly basis | 95% of complaints                   | 96.7%  | This measurement captures 124 files in category 2. Progress updates were provided on time in 120 cases; in four cases this was not achieved.   |
| All complaints which have been assessed as significant and/or appropriate for conciliation, are to be monitored by IPCA on a two-monthly basis                                                               | 95% of complaints                   | 83%    | This measurement captures category 3&4 files. The monitoring of 626 files met the target; 125 files did not.                                   |

| <b>Output: Complaints Management (cont)</b>                                                                                                                                                                   |                            |          |                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Percentage of complaint and review files re-opened on annual basis, after closure, due to appeals being lodged, expressions of dissatisfaction or an inquiry initiated by the IPCA                            | 5% or less                 | 0.36%    | Five files were re-opened, from a total of 1407 files.                                                                                                                                 |
| Auditing of complaint files will be undertaken, on a quarterly basis, to assess the quality of the complaint management by Police                                                                             | Up to 20 files per quarter | Achieved | July 2010: 19 files audited; Nov 2010: 20 files audited; April 2011: 23 files audited. The audit results were given to NZ Police.                                                      |
| <i>Timeliness</i>                                                                                                                                                                                             |                            |          |                                                                                                                                                                                        |
| Enquiries to the IPCA are responded to within five working days                                                                                                                                               | 95% of all cases           | Achieved |                                                                                                                                                                                        |
| All Police incidents involving death or serious bodily harm received within the IPCA Complaints Management Group are notified to the IPCA Investigations Group within one working day                         | 100% of all cases          | 100%     |                                                                                                                                                                                        |
| Complaints deemed appropriate for conciliation, investigation or resolution by the Police are referred to the Police within five working days of receipt                                                      | 95% of all cases           | 89.6%    | This target was not achieved. However note the average timeframe for referral, for all files, was 3.3 days.                                                                            |
| Police complaint investigation files referred to the IPCA for review will have that review completed within 90 days of receipt (the measure standard is subject to any issues beyond the control of the IPCA) | 85% of all reviews         | 75%      | This measurement captures category 2 files. There were a total of 24 files. 18 files met the 90-day review target; six files did not meet the target, mostly due to resource capacity. |

## OUTPUT: COMMUNICATIONS

### *Description of the output*

The Communications output involves the IPCA delivering services that are focused on raising the public's awareness of its roles and the effect it is having on Police performance.

### *Objectives*

Improved awareness of IPCA roles and responsibilities will be achieved through broader communication with complainants during the course of investigations and via production of public reports including recommendations for further action on improvements in policing.

### *Contribution of the output area to the IPCA's desired impacts*

The Communications output contributes to short-term desired impacts such as the efficient use of IPCA capacity, increased timeliness and broader communication approaches. The output contributes to the medium term desired impacts of increasing understanding and awareness of the IPCA and influence on Police policy development.

| Output: Communications                                                                                                                                                         |                                       |              |                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                | Performance:<br>July 2010 – June 2011 |              | Notes                                                                                                                                                                                                                                                                                                                             |
|                                                                                                                                                                                | Forecast                              | Actual       |                                                                                                                                                                                                                                                                                                                                   |
| Quantity                                                                                                                                                                       |                                       |              |                                                                                                                                                                                                                                                                                                                                   |
| The IPCA Chair will undertake at least five Police district visits by 30 June 2011                                                                                             | 100%                                  | Achieved     | The Chair visited Northland, Waitemata, Counties Manukau, Auckland City and Wellington Districts, and met each District Commander.                                                                                                                                                                                                |
| Quality                                                                                                                                                                        |                                       |              |                                                                                                                                                                                                                                                                                                                                   |
| Undertake a survey of complainants and subject officers’ satisfaction with IPCA processes and management of issues with feedback to be at a standard of satisfactory or better | Satisfactory or better                | Achieved     | The survey has been underway since March 2010 and is ongoing. See page 20. 53% of complainants who responded were satisfied with the overall service; 52% of Police who responded were satisfied.                                                                                                                                 |
| Produce an annual IPCA complaint & incident trend report and provide to Police and other key stakeholders                                                                      | One trend report per annum            | Not achieved | The trend report will be produced following the Annual Report, and will utilise data from 2010-2011 and the preceding two years.                                                                                                                                                                                                  |
| All information and publications released by the IPCA will, to the best of its ability, be legally and factually accurate                                                      | 100%                                  | Achieved     | The Annual Report is audited by Audit New Zealand. Other material is also subject to review. In accordance with the IPCA Act, draft copies of public reports are sent to persons about whom the IPCA makes adverse findings to enable ‘natural justice’ before release. Internal peer review also occurs prior to public release. |
| Timeliness                                                                                                                                                                     |                                       |              |                                                                                                                                                                                                                                                                                                                                   |
| Requests for information received via the IPCA’s information channels (i.e. website, email address and 0800 number) will be responded to within one working day                | 95%                                   | Achieved     | An automatic response is generated for online enquiries and complaints received via the website and email address. Oral complaints via the 0800 number are recorded as they occur.                                                                                                                                                |

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

### *Description of the output*

Services delivered under OPCAT output are separate but allied to the IPCA's role in managing public complaints against the Police. The OPCAT output involves IPCA inspections of Police detention facilities (cells and other places of detention, including Police vehicles for holding and transporting prisoners) throughout New Zealand to ensure they are safe and humane and that they meet international standards. The IPCA is also focused on ensuring measures are in place to prevent ill-treatment of prisoners. The IPCA contributes to an annual report on OPCAT findings produced by the Human Rights Commission.

### *Objectives*

As one of New Zealand's National Preventative Mechanisms (NPMs) the IPCA's objective is to work with other NPMs and the Central NPM (the Human Rights Commission) to meet the United Nations reporting requirements outlined in the Optional Protocol.

### *Contribution of the output area to the IPCA's desired impacts*

The OPCAT output contributes to short-term desired impacts such as the efficient use of IPCA capacity, increased timeliness and streamlined and efficient process management. The output contributes to the medium term desired impacts of improving public and Police experience of the IPCA, strengthening public confidence in the independence of the IPCA and influence on Police policy development.

| Output: OPCAT                                                                           |                                       |                 |                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------|---------------------------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                         | Performance:<br>July 2010 – June 2011 |                 | Notes                                                                                                                                                                                                                                                                                                    |
|                                                                                         | Forecast                              | Actual          |                                                                                                                                                                                                                                                                                                          |
| Quantity                                                                                |                                       |                 |                                                                                                                                                                                                                                                                                                          |
| Inspect 30 detention facilities before 30 June 2011                                     | 100%                                  | 20 visits (67%) | Visits were conducted to detention facilities in the following Districts: Northland (6); Southern (7); Central (7). Limited staff resources were diverted to other OPCAT work, including research projects and engagement with outside experts.                                                          |
| Meet monthly with the Police OPCAT portfolio holder at the Police National Headquarters | 12 meetings per annum                 | 6 meetings      | Meetings were held in: July, August, September, October and December 2010; and in May 2011. Due to commitments for the Police OPCAT portfolio holder following the Pike River explosion and Canterbury earthquakes, and other absences due to staff leave, it has not been possible to meet every month. |

| <b>Output: OPCAT (cont)</b>                                                                                                                            |                                                 |                       |                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Report on annual basis to Parliament and the Human Rights Commission pursuant to sections 27(c)(ii) & 27(d) of the Crimes of Torture Act 1989          | Annual Report to be provided                    | Achieved              | The IPCA report on its OPCAT performance for 2009/10 was collated in the Human Rights Commission (HRC) annual report "Monitoring Places of Detention", which was tabled in Parliament on 9 Dec 2010. The IPCA report on its 2010/11 OPCAT performance was provided to the HRC on 26 August 2011.                                          |
| <i>Quality</i>                                                                                                                                         |                                                 |                       |                                                                                                                                                                                                                                                                                                                                           |
| Quarterly updates of OPCAT information and material on the IPCA website will be undertaken                                                             | Updates as required each quarter                | Achieved              | The website has been updated with information about the Joint Thematic Review on Children and Young Persons in Police Custody, the OPCAT factsheet and an OPCAT visit checklist.                                                                                                                                                          |
| Monitor implementation of Police response to IPCA findings and/or recommendations by conducting quarterly reviews of the IPCA recommendations database | Reviews required each quarter                   | Initiated and Ongoing | All material was provided to the Police OPCAT portfolio holder. However due to Police commitments following the Pike River explosion and Canterbury earthquakes, Police feedback on progress with implementation of recommendations was not concluded.                                                                                    |
| Where possible and appropriate, meet and interview at least one detainee at each IPCA site visit and conduct the interview in private                  | 100% of visits                                  | Achieved              | The Authority conducted five interviews and followed international guidance to ensure interviews were conducted with male and female detainees, and from a variety of ethnic backgrounds and age groups.                                                                                                                                  |
| OPCAT issues are identified and discussed as part of the IPCA's management of complaints and investigations via monthly review and planning meetings.  | Monthly IPCA OPCAT review and planning meetings | Not achieved          | All complaints received and incidents notified are assessed for OPCAT issues, as are all files when they are closed. If OPCAT issues are identified, a keyword entry is logged in the Authority's database. Formal monthly meetings occurred during the first part of the year, after which they were replaced by case-specific meetings. |
| <i>Timeliness</i>                                                                                                                                      |                                                 |                       |                                                                                                                                                                                                                                                                                                                                           |
| Report findings and/or recommendations of site visits to Police Districts within 20 working days of these visits                                       | 100% of visits                                  | Achieved              | The Authority's 20-day responses to Districts have been either preliminary responses or full site visit reports.                                                                                                                                                                                                                          |
| Report findings and/or recommendations of site visits to Police National Headquarters within 20 working days of these visits                           | 100% of visits                                  | Achieved              | Responses to Districts are copied to the OPCAT portfolio holder at Police National Headquarters.                                                                                                                                                                                                                                          |
| Seek solution plans to IPCA findings and/or recommendations within two months of Police District receipt of IPCA visit report                          | 100% of visit reports                           | Achieved              | All letters distributed to Districts stipulate that solutions are sought within 8 weeks of Police District receipt of the IPCA visit report.                                                                                                                                                                                              |

| <b>Output: OPCAT (cont)</b>                                                                                                                                                                           |                                      |          |                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------|
| Provide monthly reports to the IPCA Board on performance and progress in respect of OPCAT matters (number of site visits, status of recommendations, issues and trends identified and solution plans) | Monthly OPCAT Board reports provided | Achieved | Reports have been provided for all Board sessions, unless the Board has directed otherwise, during this reporting period. |

# Financial Statements

INDEPENDENT POLICE CONDUCT AUTHORITY

## INDEPENDENT POLICE CONDUCT AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

| <b>2010<br/>Actual<br/>\$</b> |                                         | <b>Notes</b> | <b>2011<br/>Actual<br/>\$</b> | <b>2011<br/>Budget<br/>\$</b> |
|-------------------------------|-----------------------------------------|--------------|-------------------------------|-------------------------------|
|                               | <b>Revenue</b>                          |              |                               |                               |
| 5,713,000                     | Revenue from Crown                      | 1            | 3,786,000                     | 3,786,000                     |
| 8,406                         | Interest received                       |              | 47,612                        | 40,678                        |
| <u>5,721,406</u>              | <b>Total Revenue</b>                    |              | <u>3,833,612</u>              | <u>3,826,678</u>              |
|                               | <b>Expenses</b>                         |              |                               |                               |
| 18,413                        | Audit fees                              | 2            | 21,039                        | 19,000                        |
| 31,323                        | Amortisation                            | 7            | 39,073                        | 35,958                        |
| 47,744                        | Communication charges                   |              | 53,567                        | 56,000                        |
| 129,506                       | Depreciation                            | 6            | 130,615                       | 110,959                       |
| -                             | Loss on sale of fixed assets            |              | 4,920                         | -                             |
| 2,879,324                     | Personnel and Board fees                | 3            | 2,900,108                     | 2,796,000                     |
| 68,003                        | Printing & stationery                   |              | 52,561                        | 82,000                        |
| 761,570                       | Professional fees and contract services |              | 384,351                       | 300,000                       |
| 328,494                       | Rent                                    |              | 382,391                       | 370,000                       |
| 183,981                       | Services & supplies                     |              | 230,205                       | 205,000                       |
| 23,103                        | Subscriptions                           |              | 15,342                        | 27,800                        |
| 133,770                       | Travel & accommodation                  |              | 130,011                       | 225,000                       |
| 2,846                         | OPCAT                                   |              | 27,795                        | 25,000                        |
| <u>4,608,077</u>              | <b>Total Expenses</b>                   |              | <u>4,371,978</u>              | <u>4,252,717</u>              |
| <u>1,113,329</u>              | <b>Total Comprehensive Income</b>       |              | <u>(538,366)</u>              | <u>(426,039)</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 2011

| <b>2010<br/>Actual<br/>\$</b> |                                  | <b>Notes</b> | <b>2011<br/>Actual<br/>\$</b> | <b>2011<br/>Budget<br/>\$</b> |
|-------------------------------|----------------------------------|--------------|-------------------------------|-------------------------------|
|                               | <b>CURRENT ASSETS</b>            |              |                               |                               |
| 1,340,650                     | Cash and cash equivalents        | 4            | 146,310                       | 929,572                       |
| -                             | Investments                      |              | 500,000                       | -                             |
| 7,915                         | Debtors and other receivables    | 5            | 46,879                        | 32,745                        |
| <u>1,348,565</u>              | <b>Total Current Assets</b>      |              | <u>693,189</u>                | <u>962,317</u>                |
|                               | <b>NON-CURRENT ASSETS</b>        |              |                               |                               |
| 502,993                       | Property, Plant & equipment      | 6            | 408,432                       | 332,878                       |
| 150,602                       | Intangible assets                | 7            | 125,773                       | 107,871                       |
| <u>653,595</u>                | <b>Total Non-Current Assets</b>  |              | <u>534,205</u>                | <u>440,749</u>                |
| <u>2,002,160</u>              | <b>TOTAL ASSETS</b>              |              | <u>1,227,394</u>              | <u>1,403,066</u>              |
|                               | <b>CURRENT LIABILITIES</b>       |              |                               |                               |
| 277,583                       | Creditors and other payables     | 8            | 109,621                       | 90,064                        |
| 223,287                       | Employee entitlements            | 9            | 154,849                       | 136,889                       |
| <u>500,870</u>                | <b>Total Current Liabilities</b> |              | <u>264,470</u>                | <u>226,953</u>                |
| <u>1,501,290</u>              | <b>NET ASSETS</b>                |              | <u>962,924</u>                | <u>1,176,113</u>              |
|                               | <b>CROWN EQUITY</b>              |              |                               |                               |
| 1,501,290                     | Total Investment by the Crown    |              | 962,924                       | 1,176,113                     |
| <u>1,501,290</u>              | <b>Total Crown Equity</b>        |              | <u>962,924</u>                | <u>1,176,113</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 2011

| <b>2010<br/>Actual<br/>\$</b> |                                                | <b>Notes</b> | <b>2011<br/>Actual<br/>\$</b> | <b>2011<br/>Budget<br/>\$</b> |
|-------------------------------|------------------------------------------------|--------------|-------------------------------|-------------------------------|
| 337,961                       | <b>Total Crown Equity at beginning of year</b> |              | 1,501,290                     | 1,602,152                     |
| 1,113,329                     | <b>Total Comprehensive Income</b>              |              | (538,366)                     | (426,039)                     |
| 50,000                        | <b>Capital Contribution</b>                    |              | -                             | -                             |
| <u>1,501,290</u>              | <b>Total Crown Equity at end of year</b>       |              | <u>962,924</u>                | <u>1,176,113</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 2011**

| <b>2010<br/>Actual<br/>\$</b>               |                                                             | <b>Notes</b> | <b>2011<br/>Actual<br/>\$</b> | <b>2011<br/>Budget<br/>\$</b> |
|---------------------------------------------|-------------------------------------------------------------|--------------|-------------------------------|-------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |                                                             |              |                               |                               |
|                                             | <b>Cash was provided from / (applied to)</b>                |              |                               |                               |
| 5,713,000                                   | Receipts from Crown revenue                                 |              | 3,786,000                     | 3,786,000                     |
| 8,043                                       | Interest received                                           |              | 40,505                        | 40,679                        |
| 116,811                                     | Net GST received/(paid)                                     |              | (79,973)                      | (78,189)                      |
| <u>(4,409,597)</u>                          | Payments to suppliers and employees                         |              | <u>(4,385,654)</u>            | <u>(4,147,871)</u>            |
| 1,428,257                                   | <b>Net cash flow from operating activities</b>              | 12           | (639,122)                     | (399,381)                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b> |                                                             |              |                               |                               |
|                                             | <b>Cash was provided from / (applied to)</b>                |              |                               |                               |
| -                                           | Sale of property, plant & equipment                         |              | 1,652                         | -                             |
| (218,420)                                   | Purchase of property, plant & equipment                     |              | (42,626)                      | -                             |
| (134,277)                                   | Purchase of intangible assets                               |              | (14,244)                      | -                             |
| <u>-</u>                                    | Acquisition of investments                                  |              | <u>(500,000)</u>              | <u>-</u>                      |
| (352,697)                                   | <b>Net cash flows from investing activities</b>             |              | (555,218)                     | -                             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b> |                                                             |              |                               |                               |
| <u>50,000</u>                               | Capital contributions                                       |              | <u>-</u>                      | <u>-</u>                      |
| 50,000                                      | <b>Net cash flows from finance activities</b>               |              | -                             | -                             |
| 1,125,560                                   | <b>Net increase/(decrease) in cash and cash equivalents</b> |              | (1,194,340)                   | (399,381)                     |
| 215,090                                     | <b>Cash and cash equivalents at beginning of year</b>       |              | 1,340,650                     | 1,328,953                     |
| <u>1,340,650</u>                            | <b>Cash and cash equivalents at end of year</b>             |              | <u>146,310</u>                | <u>929,572</u>                |
|                                             | <b>Represented by:</b>                                      |              |                               |                               |
| <u>1,340,650</u>                            | Cash & cash equivalents                                     |              | <u>146,310</u>                | <u>929,572</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 2011

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### **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 2011, and were approved by the Board on 20 October 2011.

### **Basis for Preparation**

#### *Statement of compliance*

The financial statements of the Independent Police Conduct Authority have been prepared in accordance 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.

### **Standards and interpretations effective in the current period**

Minor amendments to NZ IFRS and improvements to NZ IFRS became effective during the year to 30 June 2011 and have been adopted by the Independent Police Conduct Authority for the first time. Some of these standards are not applicable to the business of the Independent Police Conduct Authority and have therefore had no impact on the financial statements. The

interpretation of the remaining standards as clarified by amendments is the same as already applied by the Independent Police Conduct Authority.

### **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 elected not to early adopt the revised related party standards for the 2010/11 year.

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.

### **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.

*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) Investments*

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

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

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

*f) 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.

#### *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 |

### *g) 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 |
|----------|----------|

#### *h) Impairment*

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

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

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

#### *i) 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.

*j) 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.

*k) 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.

*l) Goods and Services Tax (GST)*

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

*m) 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.

*n) 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.

*o) Budget figures*

The budget figures are those that form part of the Independent Police Conduct Authority 2010/11 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.

**Critical Judgements in Applying the Entity’s Accounting Policies**

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

There are no judgements 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 2011

**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 (2010: \$nil).

**2. Remuneration to Auditors**

|                                   | <b>2011<br/>Actual<br/>\$</b> | <b>2010<br/>Actual<br/>\$</b> |
|-----------------------------------|-------------------------------|-------------------------------|
| Audit of the financial statements | 21,039                        | 18,413                        |
|                                   | <u>21,039</u>                 | <u>18,413</u>                 |

**3. Personnel Expenses and Board Fees**

|                                              |    |                  |                  |
|----------------------------------------------|----|------------------|------------------|
| Salaries and wages                           |    | 2,411,270        | 2,253,637        |
| Increase/(decrease) in employee entitlements | 9  | (68,438)         | (7,313)          |
| Board fees                                   | 16 | 557,276          | 633,000          |
| <b>Total Personnel Expenses</b>              |    | <u>2,900,108</u> | <u>2,879,324</u> |

One former employee of the Independent Police Conduct Authority received compensation of \$12,273 after taking voluntary redundancy in the 2011 financial year (2010: nil).

**4. Cash and Cash Equivalents**

|                                        |                |                  |
|----------------------------------------|----------------|------------------|
| Cash at bank                           | 7,647          | 1,335,070        |
| Call account                           | 138,663        | 5,580            |
| <b>Total Cash and Cash Equivalents</b> | <u>146,310</u> | <u>1,340,650</u> |

**5. Debtors and other receivables**

|                                      |               |              |
|--------------------------------------|---------------|--------------|
| Accrued interest                     | 8,057         | 950          |
| Sundry receivables                   | 13,570        | 6,965        |
| GST receivable                       | 25,252        | -            |
| <b>Debtors and other receivables</b> | <u>46,879</u> | <u>7,915</u> |

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

**6. Property, Plant and Equipment**

|                                 | <i>Office<br/>equipment</i><br>\$ | <i>Furniture &amp;<br/>fittings</i><br>\$ | <i>Leasehold<br/>improvements</i><br>\$ | <i>Total</i><br>\$ |
|---------------------------------|-----------------------------------|-------------------------------------------|-----------------------------------------|--------------------|
| <b>Cost</b>                     |                                   |                                           |                                         |                    |
| 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          |
| Balance at 1 July 2010          | 501,403                           | 429,830                                   | 274,529                                 | 1,205,762          |
| Additions                       | 42,626                            | -                                         | -                                       | 42,626             |
| Sales/transfers                 | (12,806)                          | -                                         | -                                       | (12,806)           |
| Balance at 30 June 2011         | 531,223                           | 429,830                                   | 274,529                                 | 1,235,582          |
| <b>Accumulated depreciation</b> |                                   |                                           |                                         |                    |
| 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            |
| Balance at 1 July 2010          | 257,167                           | 286,794                                   | 158,808                                 | 702,769            |
| Depreciation expense            | 65,925                            | 35,760                                    | 28,930                                  | 130,615            |
| Sales/transfers                 | (6,234)                           | -                                         | -                                       | (6,234)            |
| Balance at 30 June 2011         | 316,858                           | 322,554                                   | 187,738                                 | 827,150            |
| <b>Net carrying amounts</b>     |                                   |                                           |                                         |                    |
| At 1 July 2009                  | 194,855                           | 112,670                                   | 106,554                                 | 414,079            |
| At 30 June 2010 & 1 July 2010   | 244,236                           | 143,036                                   | 115,721                                 | 502,993            |
| At 30 June 2011                 | 214,365                           | 107,276                                   | 86,791                                  | 408,432            |

**7. Intangible assets**

|                                 | <b>Total<br/>\$</b> |
|---------------------------------|---------------------|
| <b>Cost</b>                     |                     |
| Balance at 1 July 2009          | 109,131             |
| Additions                       | 134,277             |
| Sales/transfers                 | -                   |
| Balance at 30 June 2010         | 243,408             |
| Balance at 1 July 2010          | 243,408             |
| Additions                       | 14,244              |
| Sales/transfers                 | -                   |
| Balance at 30 June 2011         | 257,652             |
| <b>Accumulated amortisation</b> |                     |
| Balance at 1 July 2009          | 61,483              |
| Amortisation expense            | 31,323              |
| Disposals                       | -                   |
| Balance at 30 June 2010         | 92,806              |
| Balance at 1 July 2010          | 92,806              |
| Amortisation expense            | 39,073              |
| Disposals                       | -                   |
| Balance at 30 June 2011         | 131,879             |
| <b>Net carrying amount</b>      |                     |
| At 1 July 2009                  | 47,648              |
| At 30 June 2010 & 1 July 2010   | 150,602             |
| At 30 June 2011                 | 125,773             |

**8. Creditors and other payables**

|                                           | <b>2011<br/>Actual<br/>\$</b> | <b>2010<br/>Actual<br/>\$</b> |
|-------------------------------------------|-------------------------------|-------------------------------|
| Trade creditors                           | 14,007                        | 151,236                       |
| Accrued expenses                          | 95,614                        | 86,603                        |
| GST payable                               | -                             | 39,744                        |
| <b>Total creditors and other payables</b> | <b>109,621</b>                | <b>277,583</b>                |

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying 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.

## 9. Employee Entitlements

|                                    | <b>2011<br/>Actual<br/>\$</b> | <b>2010<br/>Actual<br/>\$</b> |
|------------------------------------|-------------------------------|-------------------------------|
| Accrued salaries and wages         | -                             | 85,616                        |
| Annual leave                       | 154,849                       | 137,671                       |
| <b>Total Employee Entitlements</b> | <b>154,849</b>                | <b>223,287</b>                |

## 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          | 146,310        | 1,340,650        |
| Investments – term deposits        | 500,000        | -                |
| Debtors and other receivables      | 46,879         | 7,915            |
| <b>Total loans and receivables</b> | <b>693,189</b> | <b>1,348,565</b> |

#### *Financial liabilities measured at amortised cost*

|                              |         |         |
|------------------------------|---------|---------|
| Creditors and other payables | 109,621 | 277,583 |
|------------------------------|---------|---------|

### 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.

## 10. Financial Instruments (cont.)

The following table details the Independent Police Conduct Authority's exposure to interest rate risk as at 30 June 2011.

|                                    | Weighted<br>average<br>effective<br>interest<br>rate % | Variable<br>interest<br>rate<br>bearing<br>\$ | Non<br>interest<br>bearing<br>\$ | Total<br>\$    |
|------------------------------------|--------------------------------------------------------|-----------------------------------------------|----------------------------------|----------------|
| <b>Financial assets:</b>           |                                                        |                                               |                                  |                |
| Cash and cash equivalents          |                                                        |                                               |                                  |                |
| - Cash at bank                     | 0.25                                                   | 7,647                                         | -                                | 7,647          |
| - Call account                     | 3.00                                                   | 138,663                                       | -                                | 138,663        |
| - Investments - term deposits      | 5.08                                                   | 500,000                                       | -                                | 500,000        |
| Debtors and other receivables      | -                                                      | -                                             | 46,879                           | 46,879         |
| <b>Total financial assets</b>      |                                                        | <u>646,310</u>                                | <u>46,879</u>                    | <u>693,189</u> |
| <b>Financial liabilities:</b>      |                                                        |                                               |                                  |                |
| Creditors and other payables       | -                                                      | -                                             | 109,621                          | 109,621        |
| <b>Total financial liabilities</b> |                                                        | <u>-</u>                                      | <u>109,621</u>                   | <u>109,621</u> |

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

|                                    | Weighted<br>average<br>effective<br>interest<br>rate % | Variable<br>interest<br>rate<br>bearing<br>\$ | Non<br>interest<br>bearing<br>\$ | Total<br>\$      |
|------------------------------------|--------------------------------------------------------|-----------------------------------------------|----------------------------------|------------------|
| <b>Financial assets:</b>           |                                                        |                                               |                                  |                  |
| 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            |
| <b>Total financial assets</b>      |                                                        | <u>1,340,650</u>                              | <u>7,915</u>                     | <u>1,348,565</u> |
| <b>Financial liabilities:</b>      |                                                        |                                               |                                  |                  |
| Creditors and other payables       | -                                                      | -                                             | 277,583                          | 277,583          |
| <b>Total financial liabilities</b> |                                                        | <u>-</u>                                      | <u>277,583</u>                   | <u>277,583</u>   |

## 10. Financial Instruments (cont.)

### *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:

|                               | <b>2011</b><br><b>Actual</b><br><b>\$</b> | <b>2010</b><br><b>Actual</b><br><b>\$</b> |
|-------------------------------|-------------------------------------------|-------------------------------------------|
| Cash and cash equivalents     | 146,310                                   | 1,340,650                                 |
| Investments – term deposits   | 500,000                                   | -                                         |
| Debtors and other receivables | 46,879                                    | 7,915                                     |
|                               | <u>693,189</u>                            | <u>1,348,565</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 accounts. The Independent Police Conduct Authority only holds term deposits with registered banks and has experienced no default of interest or principal payments for these term deposits.

### *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 (2010: 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.

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

|                                                     |   | <b>2011<br/>Actual<br/>\$</b> | <b>2010<br/>Actual<br/>\$</b> |
|-----------------------------------------------------|---|-------------------------------|-------------------------------|
| <b>Net surplus/(deficit) for the year</b>           |   | (538,366)                     | 1,113,329                     |
| <b>Non cash items:</b>                              |   |                               |                               |
| Amortisation                                        | 7 | 39,073                        | 31,323                        |
| Depreciation                                        | 6 | 130,615                       | 129,506                       |
| Loss on sale of fixed assets                        |   | 4,920                         | -                             |
|                                                     |   | <u>174,608</u>                | <u>160,829</u>                |
| <b>Movements in working capital:</b>                |   |                               |                               |
| (Increase)/decrease in GST Receivable               |   | (64,996)                      | 104,116                       |
| (Increase)/decrease in receivables                  |   | (6,605)                       | 21,571                        |
| (Increase)/decrease in accrued interest             |   | (7,107)                       | (363)                         |
| (Decrease)/increase in creditors and other payables |   | (128,218)                     | 36,088                        |
| (Decrease)/increase in employee entitlements        |   | (68,438)                      | (7,313)                       |
|                                                     |   | <u>(275,364)</u>              | <u>154,099</u>                |
| <b>Net cash from operating activities</b>           |   | <u>(639,122)</u>              | <u>1,428,257</u>              |

### 13. Employee Remuneration

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

|                       | <b>2011<br/>Actual</b> | <b>2010<br/>Actual</b> |
|-----------------------|------------------------|------------------------|
| \$100,000 - \$109,999 | 6                      | 4                      |
| \$110,000 - \$119,999 | 1                      | 1                      |
| \$120,000 - \$129,999 | 1                      | 1                      |
| \$140,000 - \$149,999 | 2                      | 0                      |
| \$200,000 - \$209,999 | 0                      | 1                      |
| \$230,000 - \$239,999 | 1                      | 1                      |

### 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 arm's length, related party disclosures have not been made for transactions of this nature.

During the period, the Independent Police Conduct Authority received \$3,786,000 (2010: \$5,713,000) of funding from the Crown. There was no balance outstanding as at 30 June 2011 (2010: \$nil).

There were no transactions with close family members of key management personnel employed by the Independent Police Conduct Authority in 2011 (2010: \$nil).

### 15. Key Management Personnel Compensation

The compensation of the Authority (Chair and four board members), the Group Manager: Corporate, and the Group Manager: Operations being the key management personnel of the Independent Police Conduct Authority, is set out below:

|                              | <b>2011<br/>Actual<br/>\$</b> | <b>2010<br/>Actual<br/>\$</b> |
|------------------------------|-------------------------------|-------------------------------|
| Short-term employee benefits | 827,153                       | 866,775                       |
| <b>Total compensation</b>    | <b>827,153</b>                | <b>866,775</b>                |

There were no post-employment benefits, other long-term employee benefits, termination benefits paid to key management personnel during the year (2010: \$nil)

The structure of senior management changed with the addition of a Group Manager of Operations in September 2010. Three new part-time board members were also appointed during the year.

## 16. Board member remuneration

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

|                                        | <b>2011<br/>Actual<br/>\$</b> | <b>2010<br/>Actual<br/>\$</b> |
|----------------------------------------|-------------------------------|-------------------------------|
| Justice L.P. Goddard                   | 285,400                       | 285,000                       |
| Allan Galbraith                        | 238,846                       | 230,000                       |
| Mel Smith                              | -                             | 118,000                       |
| Angela Hauk-Wills                      | 15,300                        | -                             |
| Dianne Macaskill                       | 8,730                         | -                             |
| Edward (Richard) Woods                 | 9,000                         | -                             |
| <b>Total Board member remuneration</b> | <b>557,276</b>                | <b>633,000</b>                |

## 17. Commitments

### (i) Capital commitments

There are no capital commitments at reporting date (2010: nil).

### (ii) Operating lease commitments

Operating lease commitments relate to the lease with 342 Lambton Quay Limited for the building accommodation at 342 Lambton Quay, Wellington.

The lease term with 342 Lambton Quay Limited is for a period of six years commencing 18 February 2009, 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 Independent Police Conduct Authority had a second lease with the Partnership of Meredith Connell in 2010 for office space rented in Auckland. The original expiry of the lease was 31 March 2014, however during 2011 both parties agreed to cancel the lease. The last rental payment made by the Independent Police Conduct Authority was in April 2011. The Authority will not be liable to make any further payments.

## (ii) Operating lease commitments (cont.)

|                                          | <b>2011<br/>Actual<br/>\$</b> | <b>2010<br/>Actual<br/>\$</b> |
|------------------------------------------|-------------------------------|-------------------------------|
| Less than one year                       | 302,316                       | 374,002                       |
| Between one and two years                | 302,316                       | 374,002                       |
| Between two and five years               | 503,860                       | 931,626                       |
| Later than five years                    | -                             | -                             |
| <b>Total operating lease commitments</b> | <b>1,108,492</b>              | <b>1,679,630</b>              |

**18. Contingent Liabilities**

There are no contingent liabilities at reporting date (2010: \$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 2011 (2010: Nil).

**20. Major Budget Variances****Statement of Comprehensive Income****1. Personnel**

**Actual - \$2,900,108; Budget - \$2,796,000**

Personnel expenses were higher than budget because:

- The Child Abuse Project's target completion date was 1 October 2010. However, it continued until 31 December 2010.
- The fixed-term contracts of three temporary staff were extended until 30 June 2011.
- Three new part-time board members joined the Board and there was a requirement to pay meeting and preparation fees to these members.

**2. Professional Fees**

**Actual - \$384,351; Budget - \$300,000**

Professional Fees were higher than budget because:

- A major portion of this expense was incurred on the Child Abuse Project and related to the Project's need to call upon external legal advice and expertise. When the 2010/11 budget was set, it was assumed that the Project would end on 1 October 2010, however, it continued until 31 December 2010.

### 3. *Travel and accommodation*

**Actual - \$130,011; Budget - \$225,000**

- Several trips to Auckland were budgeted for but did not eventuate as anticipated.
- Efficiencies were achieved in the investigations travel programme for the second half of the financial year.

### **Statement of Financial Position:**

#### 1. *Cash and Cash Equivalents*

**Actual - \$146,310; Budget - \$929,572**

Cash in hand was much lower than budget because:

- \$500,000 was placed in term deposits.
- Additional expenses were incurred with the continuation of the Child Abuse Project beyond its target completion date of 1 October 2010.

#### 2. *Investments*

**Actual - \$500,000; Budget - \$0**

- Investments were higher than budget as \$500,000 was available for placing into term deposits.

#### 3. *Property, Plant & Equipment*

**Actual - \$408,432; Budget \$332,878**

- Property, plant and equipment were higher than budget, largely due to purchase of computers and laptops as part of the IPCA capital replacement programme.

# Statement of Responsibility

INDEPENDENT POLICE CONDUCT AUTHORITY

In the financial year ended on 30 June 2011, the Board 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 Board 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

31 OCTOBER 2011



ALLAN GALBRAITH

BOARD MEMBER

INDEPENDENT POLICE CONDUCT AUTHORITY

31 OCTOBER 2011



# Independent Auditor's 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 2011**

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 of the financial statements and statement of service performance of the Authority on her behalf.

We have audited:

- the financial statements of the Authority on pages 40 to 61, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and cash flows statement for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Authority on pages 31 to 39.

## Opinion

In our opinion:

- the financial statements of the Authority on pages 40 to 61:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Authority's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Authority on pages 31 to 39:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects, for each class of outputs for the year ended 30 June 2011, the Authority's

- service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
- actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 31 October 2011. This 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 our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Authority's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Authority's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Crown Entities Act 2004.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our 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.

Other than the audit, we have no relationship with or interests in the Authority.

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 2011 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 31 October 2011 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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**IPCA**

Independent Police Conduct Authority  
Whaia te pono, kia puawai ko te tika

IPCA  
Level 8  
342 Lambton Quay  
PO Box 5025,  
Wellington 6145  
Aotearoa New Zealand

0800 503 728  
P +64 4 499 2050  
F +64 4 499 2053  
[www.ipca.govt.nz](http://www.ipca.govt.nz)