



IPCA

Independent Police
Conduct Authority

Mana Whanonga Pirihimana Motuhake



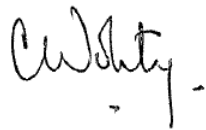
Annual Report 2019/20

Mana Whanonga Pirihimana Motuhake

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 2019 to 30 June 2020.



Judge Colin Doherty

Chair

INDEPENDENT POLICE CONDUCT AUTHORITY



Simon Murdoch

Member



Liz Sinclair

Member

Contents

Introduction	4
The Year in Brief	5
Foreword by the Chair	6
About Us	8
Our independence	10
Our people	11
Our Achievements 2019/20	13
Volume of complaints, referrals and trends	15
Progress against our Outcomes Framework	24
Annual Accountability Statements	29
2019/20 Performance Reporting: Statement of Service Performance	30
2019/20 Financial Statements and Supporting Information	36
Independent Auditors Report	59
<u>Appendix 1</u> Complaint Definitions	65

Introduction

The existence of the Authority contributes to improved public trust and confidence in the New Zealand Police. We achieve this by facilitating redress for complainants who have a reasonable grievance against the Police. All our work is undertaken independently from Police, fairly and impartially. We are confident that our work ensures that Police are held to account when things go wrong, improves overall policing practice, and helps to inform and influence changes not only in policing but across the whole justice sector.

THE YEAR IN BRIEF

During the year the Authority:



Received **3882** Complaints
about Police



Experienced a **28%**
increase in complaints



Maintained or
improved throughput
despite increased
volumes



Concluded **57** Independent
Investigations



Oversaw **222** Police
investigations



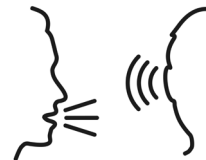
Facilitated **1242** agreed
resolutions of complaints
against Police



Published **44** Public Reports,
An increase of 26%



Published **150** website
summaries of oversight
outcomes of Police
investigations



Monitored the
implementation of **39**
active recommendations



Received in excess of
168,000 visits to our
website, an increase of 40%



Undertook two virtual inspections of
custodial units during the Covid19
lockdown



Successfully implemented the roll-
out of our new Case Management
System, and updated all core
business systems to a cloud-hosted
environment

Foreword by the Chair

For the Authority the year was dominated by two circumstances: a continuation in the rise in complaint numbers and Covid-19. It was also notable for one other reason: the retirement as a member of the Authority of Dianne Macaskill after 10 years service.

The steady increase in complaint volumes noted over the last few annual reports has continued but with a sharp 28% rise for this year to 30 June 2020. Despite this pressure we managed to close more files than complaints received. Notwithstanding that, the very high and unsustainable caseloads staff were carrying meant we did not meet some of our key performance measures. For a short period, we were forced to take the drastic measure of advising complainants we did not have the capacity to deal with their complaints. Normal business resumed when the Ministry of Justice provided additional funding to employ contract staff. An increase in Budget appropriation has alleviated the immediate resourcing pressures caused by the significant increase in volume. However, the increase continues and at the time of writing there has been a 12% increase in volume over the first quarter of the 2020/21 year when compared with the last quarter of the reported year.

Part of our response to the increasing volume pressure was to commission an independent “Efficiency and Effectiveness” review to assess our processes and the improvements we have been making, and to recommend where further changes are necessary. We will report on that work and its outcome in our next annual report.

This year we published a record number of public reports – 44. In addition, in order to increase our accountability and transparency, we published on our website 150 summaries of the investigations undertaken by Police under our oversight. Until this year we had not published these summaries and it is interesting to note the scrutiny paid to them by mainstream media. Visits to our website increased by 40%.

Our business continuity planning enabled us to react swiftly and well to the Covid-19 pandemic; in particular, the forced changes to the working environment caused by the varying degrees of “lockdown” that eventuated as New Zealand’s reaction to the crisis progressed. Our staff rose to the occasion and remote working arrangements were instantly in place. The recent investment in our case management system which we commissioned in this year was an integral part of our seamless response along with the selfless application of our staff. The upshot was that over lockdown our outputs overall did not diminish and, in some areas, exceeded business as usual performance.

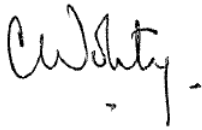
The immediacy of the need to address complaints about Police conduct arising directly from “Covid-issue policing” also brought about innovative changes to process which in turn have led to process improvements in the longer term. We could not have attained the results we did without the mirrored innovation from Police Professional Conduct.

Dianne Macaskill retired as a member of the Authority in February 2020. She had been a member since August 2010 and had stewardship over a number of changes in the Authority over that time. Dianne’s contribution to the standing of the Authority as a modern, forward looking oversight body has been significant. On behalf of past Chairs of the Authority who have benefitted from Dianne’s wisdom and for myself, I thank her for her huge contribution.

In February we also welcomed Liz Sinclair as Dianne's replacement and look forward to her contribution to come.

As to the future, the challenges the Authority has faced because of volume pressure look certain to continue, but with the implementation of any recommendations arising from the independent review, the increase in base-line funding and the continuing innovation from within, I am confident the Authority will maintain its standing as a world class Police oversight body.

Finally, I wish to acknowledge all of our staff. They have given exceptional service and contribution in trying and sometime fraught circumstances during this unique year. I thank them for their efforts and resilience and for their unceasing camaraderie over this year.

A handwritten signature in black ink, appearing to read 'C. Doherty'.

Judge Colin Doherty

Chair

INDEPENDENT POLICE CONDUCT AUTHORITY

About Us

OUR PURPOSE

The Authority exists so that people have trust that complaints about, and incidents involving, Police conduct will be fairly and impartially investigated or reviewed; that reasonable grievances are appropriately addressed; that any practice, policy or procedure issues will be identified and addressed by appropriate recommendations; and that these will result in improved Police performance.

At the heart of our work is the belief that public confidence in an independent Police oversight system will lead to greater trust in Police and policing and that this will contribute toward increasing the Police's overall effectiveness in achieving government outcomes.

Through impartial and independent oversight, the Authority also provides reassurance for the public and Parliament that policing standards are of the highest calibre.

OUR LEGISLATIVE FUNCTION

We are an independent Crown Entity under Part 3 of Schedule 1 of the Crown Entities Act 2004.

We are established under the Independent Police Conduct Authority Act 1988 (IPCA Act).

Our primary function is defined under the IPCA Act as follows:

- Receiving and taking action on complaints alleging misconduct or neglect of duty by any employee of the Police, or concerning any practice, policy or procedure of the Police.
- Investigating incidents involving death or serious bodily harm caused or appearing to have been caused by an employee of the Police acting in the execution of their duty, where we are satisfied there are reasonable grounds in the public interest to do so.

The Authority has a Memorandum of Understanding (MoU) with the Police. This covers instances which may present reputational risk to the Police, including serious offending by a Police officer or Police actions that may have an element of corruption. Under the MoU, such cases are referred by Police to the Authority even when there has not been a complaint from a member of the public or an incident involving a death or serious bodily harm.

When the Authority receives a complaint we can investigate the complaint ourselves, refer it to the Police for investigation under our active oversight, facilitate a resolution between the Police and the complainant that addresses the complainant's grievance, or take no action.

OPTIONAL PROTOCOL TO THE CONVENTION AGAINST TORTURE (OPCAT)

Separately, but allied to the management of public complaints against the Police, the Authority also serves as a National Preventive Mechanism under the Crimes of Torture Act 1989, which implements the United Nations Optional Protocol to the Convention Against Torture (OPCAT). This involves inspecting and auditing reports on Police detention facilities throughout New Zealand to ensure that they are safe and humane and that they meet international standards.

Our independence

We are an independent organisation.

We demonstrate our independence by making our own judgements about the facts, based upon available evidence and the applicable law. The Authority listens to and considers the views of all those involved carefully, but our decisions are based solely on our assessment of the facts and the available evidence.

We explain our evidence and rationale for our decisions clearly to those Police officers subject to our investigations, to complainants and to the wider community via our public reports and website publications.

We utilise our own resources to undertake investigations into serious matters and publicly report on the outcome unless there is an overriding private interest in maintaining confidentiality.

We also actively monitor and review the conduct and outcomes of Police investigations of less serious complaints.

We are statutorily independent by virtue of the Independent Police Conduct Authority Act 1988 (IPCA Act) and the Crown Entities Act 2004. Statutory independence is critical for our effectiveness.

Unless Police actions have resulted in death or serious bodily injury or we receive a referral from the Police under the MoU, we cannot instigate investigations without a complaint. Nor are we able to prosecute or take disciplinary action against a member of Police. Instead, we may make recommendations to Police, including that disciplinary or criminal proceedings be considered or instituted.

If we are not satisfied with the Police response to our recommendations, the Authority must inform the Attorney-General and the Minister of Police. If we consider it appropriate we may also transmit a copy of a report to the Attorney-General for tabling in Parliament, and the Attorney-General must do so.

The Authority's investigations are undertaken by experienced staff who come from a variety of backgrounds and areas of expertise. This includes staff with extensive policing experience, either in New Zealand or in other Commonwealth countries, and others with significant legal, investigative or complaints management experience. Investigations are subject to management oversight and review and any report issued publicly is reviewed and signed by the Chair of the Authority. The Chair, who must be a Judge or a retired Judge, is ultimately responsible for all findings and recommendations.

Although impartiality is critical, it is both appropriate and a practical necessity that the Authority maintains a professional, cooperative and constructive working relationship with the Commissioner of Police, the Police executive, senior officers, staff from the Police Professional Conduct Group, and Police investigators.

Unless Police actions have resulted in death or serious bodily injury or the Authority receives a referral from the Police under the MoU, it cannot instigate investigations without a complaint.

Our People

The Authority is governed by a Board that is accountable to Parliament and reports to a responsible Minister within Government. Authority Board members have a range of relevant skills and experience, including experience in governance, executive level management expertise, and public sector experience.

The current Board members are Judge Colin Doherty (Chair), Ms Liz Sinclair and Mr Simon Murdoch.

The Board meets monthly and focuses on five key issues in regard to its governance functions: ensuring prudent financial management; setting strategic direction and high level policy; assessing the effectiveness of the Authority's delivery of services against its strategic objectives; monitoring and addressing risks to the organisation; and monitoring the extent to which the requirements of relevant legislation and public expectations are met.

In regard to the day-to-day management of the Authority, the Chair discharges a range of executive functions and is supported by a General Manager and an organisational structure that prioritises available resources toward the efficient and effective delivery of operational services.

As at 30 June 2020 the Authority had 41 FTE staff across a mix of permanent, contract and fulltime and part-time roles.

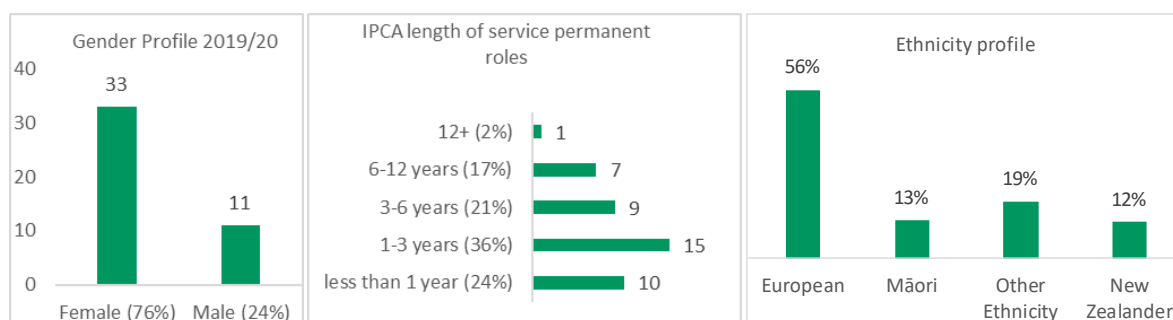
Organisational capability

The Authority is committed to delivering the best service we can to the community we serve. To make this happen we have a focus on building an inclusive and diverse workplace, underpinned by the development of the skills and expertise of all our staff. A workplace which is representative of the diverse community we serve, allows us to be culturally competent and shaped by the different perspectives and insights we as individuals bring to the work we do.

We ensure that all staff have opportunities to take part in training and development. In 2019/20 a significant number of staff development and information sessions were offered, with a strong focus on improving the induction programmes delivered to new staff, and our understanding and use of te reo Māori and tikanga Māori.

In 2019/20 the Authority participated in the Government Legal Network – Summer Clerk programme for the first time. On the strength of this experience, we intend to continue our participation in this programme on an annual basis to help young graduates, and those looking at a career in the public sector to develop their understanding and knowledge of the functions and justice-related services delivered by the Authority .

In relation to both gender and ethnicity reporting the Authority adopts the standards and classification system used by Statistics NZ¹.



The Authority's practices seek to reflect the seven Good Employer elements in the following ways:

<i>Leadership, accountability and culture</i>	The Authority continues to identify and provide opportunities for its high potential staff within its agreed framework. An Equal Employment Opportunities (EEO) Framework is in place, including an EEO policy and a number of supporting systems and processes.
<i>Recruitment, selection and induction</i>	The Authority's recruitment, selection, and appointment processes are modelled on good practice public sector policies, and there is a formal induction process within each team.
<i>Employee development, promotion and exit</i>	Performance and development plans are in place for all staff. The Authority also has policies in regard to training, coaching, mentoring, promotion, and performance management.
<i>Flexibility and work design</i>	The Authority has a Flexible Working Policy and flexible work arrangements are in place as required and appropriate.
<i>Remuneration, recognition and conditions</i>	The Authority operates a remuneration policy that is closely linked to performance. External pay relativities are monitored and assist to inform annual performance and remuneration discussions.
<i>Harassment and bullying prevention</i>	Expected standards of behaviour, integrity and conduct are outlined in the Authority's Code of Conduct. In addition, the Authority is committed to taking all necessary steps required to ensure that a productive, safe and positive working environment exists within the organisation.
<i>Safe and healthy environment</i>	Management ensures regular review of all obligations under the Health and Safety at Work Act 2015. All staff have access to support and counselling through EAP Services Ltd.

¹ The Authority reports on gender identity as "male", "female", "gender diverse", and "not stated". The Authority adopts Level 2 of the Statistics NZ Ethnic Classification System, with the addition of New Zealander, English, Australian, Dutch, and Filipino. The term New Zealander rather than New Zealand European, has been used. This allows, for example, NZ born Asians to also identify with this category.

Our Achievements 2019/20

The key features of our work over the past 12 months are as follows:

RESPONSE TO COVID19 – THE SUCCESS OF INVESTMENT IN TECHNOLOGY

The Authority was able to deploy a swift operational response to Covid-19 prior to the country going into level 4 lockdown. The success of our response was due to 4 significant factors – our new case management system (CMS), the transfer of core business applications to cloud-hosted applications, overall preparedness through the implementation of business continuity planning, and the development of temporary emergency operating protocols agreed between the Authority and New Zealand Police during the initial and ongoing pandemic emergency response.

The Authority's ongoing ability to deliver all core business functions and services is largely unaffected as a result of Covid-19. Deployment of all staff into remote or home-based working situations can be facilitated with minimal disruption of service as all core business applications are now delivered via secure cloud-based technology platforms. Where required we have developed alternative processes and means of continued service delivery through the utilisation of new technology applications. The Covid-19 environment has enabled the Authority to improve its risk response strategies, resilience, and business continuity plans.

The new CMS was the cornerstone of our ability to continue business as usual in a disruptive environment; we are able to work flexibly across multiple locations, maintaining and in most instances improving input and output results during the 2019/20 year despite Covid-19. Our focus now is to optimise the enhanced functionality of the system to improve the overall efficiency and effectiveness of the work that we do. With the system fully embedded we are pleased with the investment that has been made and look forward to the full utilisation of this new technology platform.

IMPROVED THROUGHPUT

Despite the challenges of a 28% increase in complaint volumes this year and the impact of Covid-19, the Authority was able to achieve improvement in overall throughput during the 2019/20 year. This improvement has been aided by the implementation of targeted process changes which focused on consistent quality and timeliness, and the application of additional staffing resources to support the areas of most need.

There have been challenges caused by volume increase pressures but in the last six months of the year we have applied a brake on the deterioration of some key performance measures caused by those pressures and the inability of Police to respond to our information requests. Comparative numbers are set out in Table 1 on page 14.

Table 1. Comparative performance – Throughput.

Action	2019/20	2018/19	% change in throughput or complaint inventory
New complaints received during the period	3882	3026	28% ▲
Total number of files closed during the period	3998	2320	72% ▲
Public reports released (during the period)	44	35	26% ▲
Current open Category A files	120	89	
Current open Category B files	247	254	
Current open Category C files	96	134	
Current open Category D files	26	41	
Current files awaiting categorisation	586	684	14% ▼
Current open files as at 30 June	1075	1202	11% ▼

Increased throughput was achieved across most complaint categories. We are particularly pleased to see a significant improvement in the reduction of complaints awaiting categorisation. However, an increase in both the number and complexity of independent investigation files led to an increase in the length of time taken to complete those investigations; it will be a major focus of the Authority in the coming year to improve our timeliness in this area.

Volume of complaints, referrals and trends

Incoming complaint volumes

The Authority experienced a 28% increase in complaints (a total of 856 cases) over the previous year. An average of 324 new cases were opened each month, compared to a monthly average of 252 cases per month in the previous year. Comparative numbers are set out in Graphs 1-2 on page 16.

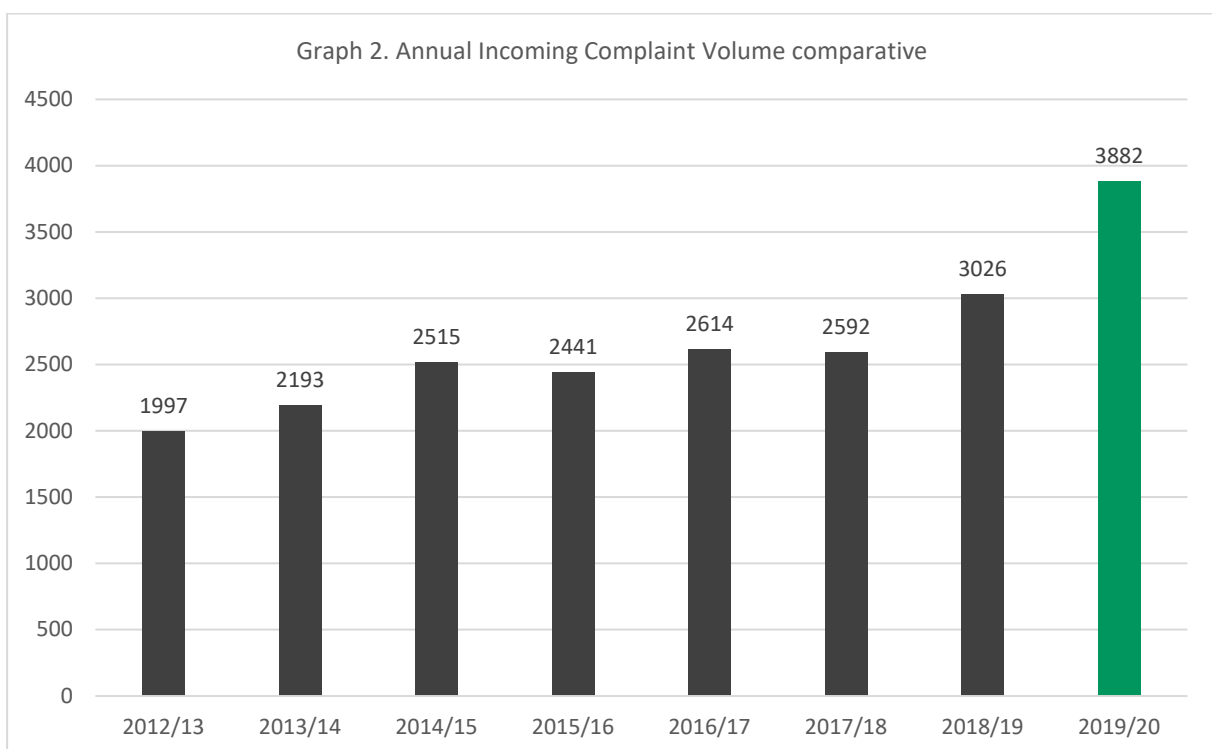
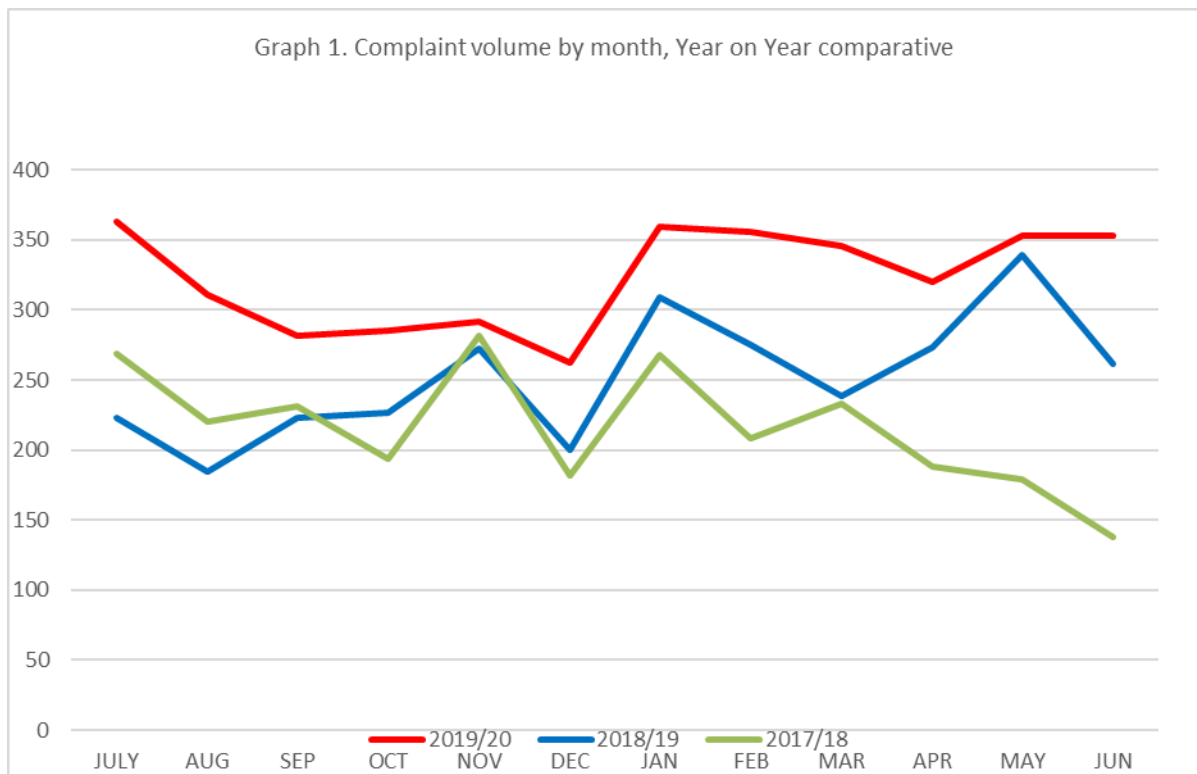
We do not anticipate that the steep upwards trajectory of case numbers in 2019/20 will continue in the current financial year. However, the impact of additional Police numbers, and of changes to our communities and policing landscape following Covid-19, is likely to result in some increase; the total volume in 2020/21 is projected to be in excess of 4000 cases.

The Authority's ability to operate under the 'new norm' of a much larger number of incoming complaints has been greatly enhanced by the investment in our new case management system and the additional appropriation received in Budget 2020. In order to meet demand and provide an appropriate level of service delivery, it is essential that the extra resource and the new technology at our disposal is utilised as wisely as possible and calibrated to areas of greatest need. To that end, during this year the Authority commissioned an external review of our efficiency and effectiveness, which is expected to lead to meaningful changes to both our business processes and our strategic priorities. The review will be completed by the end of September 2020.

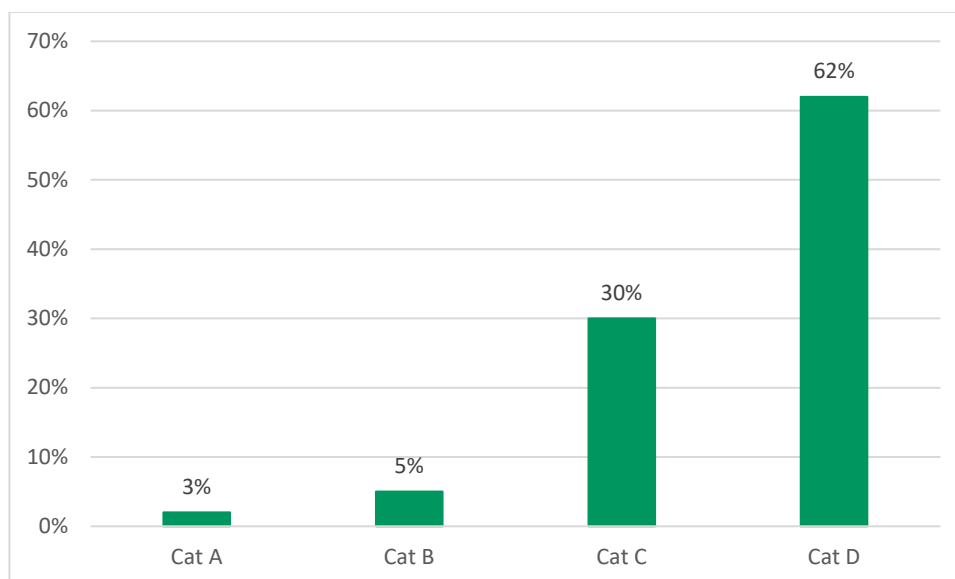
The Authority operates a triage system to allocate complaints and referrals we receive to either the Investigations Group or the Case Resolution Group. The categories to which cases are allocated are:

- **Category A** – Independent investigation by the Authority.
- **Category B**– Referral to Police for investigation with active oversight by the Authority and a full review of the file, by the Authority, at the conclusion of the investigation.
- **Category C**– Facilitated resolution of a complaint through appropriate action by the Police to address the complainant's grievance.
- **Category D** – Complaint declined by the Authority.

The categories to which cases are assigned are described in detail in [Appendix 1 - Complaint Definitions](#)



Categorisation Trends

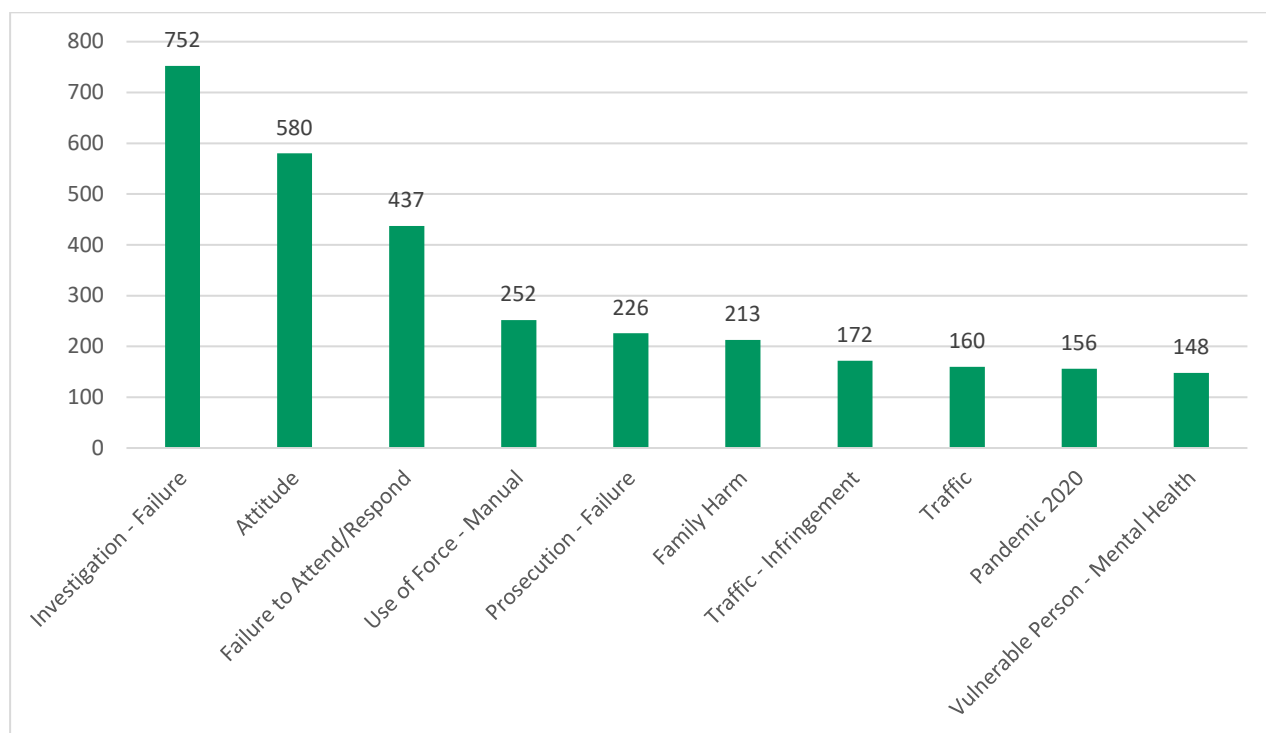


Whilst the numbers of complaints categorised under each category was much higher than previous years, the increased complaint volume has generally been spread proportionally across all categories.

For a brief period of time during the 2019/20 year the Authority was in the regrettable position of being unable to appropriately manage the volume of incoming complaints and reluctantly decided that, rather than continuing the unacceptable deterioration in performance caused by the already substantial backlog, it should reject 25% of complaints (other than those immediately identified as serious or significant). In March 2020 the Ministry provided supplemental funding of \$400,000 to enable us to engage more staff to deal with the growing case volume. The additional funding enabled us to immediately resume considering all complaints and referrals fully, and to begin the process of addressing the backlog. We were also able to reassess those complaints earlier rejected.

Complaint Types

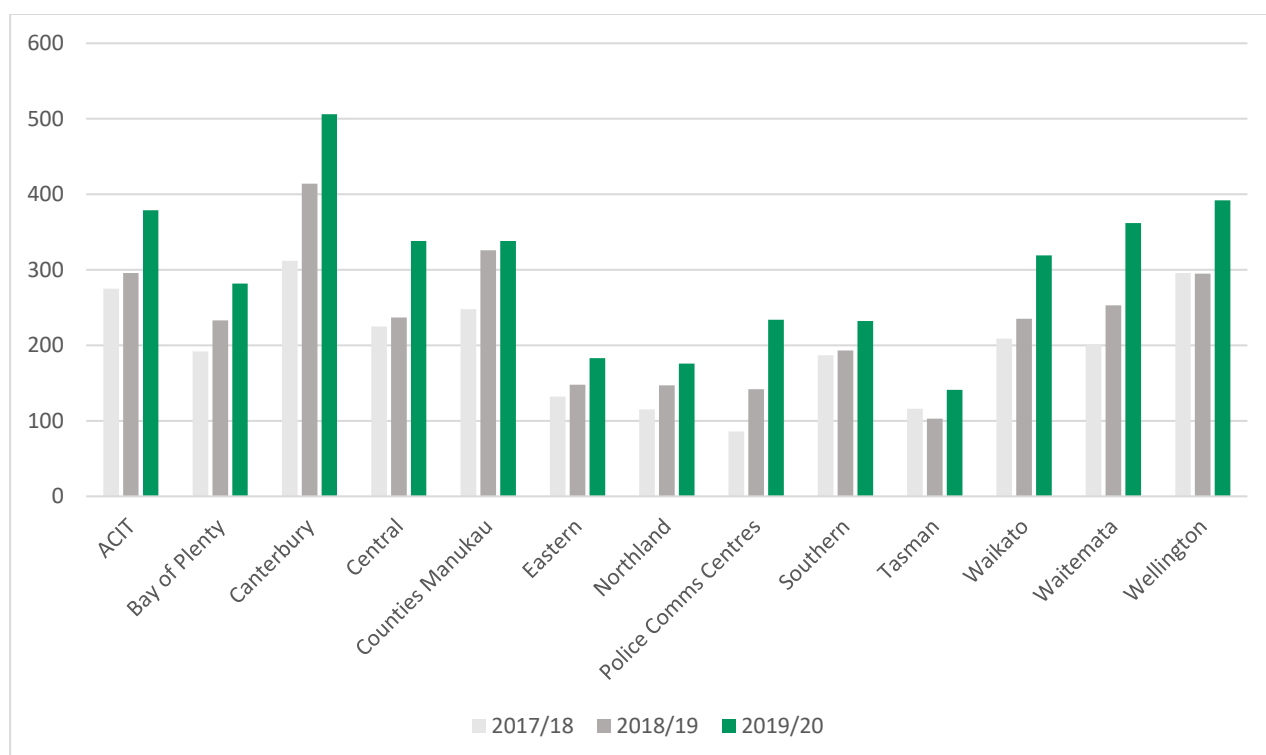
As in previous years the most common types of complaint were about: failure in an investigation, an officer's attitude or use of language, inadequate service and the use of force without a weapon. These four complaint types feature consistently as the top 4 each year. Of concern was the elevation into the top 10 complaint types of complaints about the inadequacy of Police response to Family Harm incidents, and complaints received in relation to Vulnerable People – Mental Health. Not unexpectedly, complaints about policing during the Covid-19 lock-down period also made it into the top 10 complaint types.



An individual complaint may include more than one 'complaint issue'. For example, *failure to investigate* and *attitude/language* complaints may arise from the same incident.

Our case management system will allow us to refine our ability to identify complaint themes, which in turn will enable us to inform the prevention work being undertaken by other agencies within the justice sector.

Complaints by Police District



The increase in overall complaint numbers was generally spread across all Police districts except Counties Manukau.

INDEPENDENT INVESTIGATIONS

Each year our investigative staff undertake investigations into a wide range of serious and sensitive incidents and allegations involving the Police.

During the year the Authority concluded 57 independent investigations and released 44 public reports detailing findings from our investigations.

Lessons learned from our Covid-19 experience, have led us to incorporate a number of alternative technologies and investigative techniques into the day-to-day operational activities of the Investigations Group. This includes the use of on-line interviewing for some investigations, remote facility inspections, exploration of alternative online transcription services and applications, relocation of one senior staff member to the Auckland region for the majority of his time, and flexible working arrangements for some staff. We will continue to monitor the impact these changes, together with implementation of recommendations from the efficiency and effectiveness review, will have on performance and timeliness within the Group.

High profile reports released during 2019/20 include:

- **Unlawful search of journalist Nicky Hager's property.** A report issued in August 2019 found that the Police's unlawful search of Nicky Hager's property in October 2014 resulted from an unwitting neglect of duty and did not amount to misconduct by any individual officer. Police policy at the time did not adequately set out the procedure officers needed to follow when applying for a search warrant or executing a search in relation to potentially privileged material.
- **Officer investigated for planting 'point bags'.** The Authority investigated an allegation that, in 2018, an officer from the Otahuhu Police Station was planting evidence so he could search vehicles under the Search and Surveillance Act 2012. The Authority found that, while there was no proof this actually happened, some officers' comments demonstrated they were prepared to engage in improper and potentially discriminatory policing practices.
- **Fatal Shooting of Jerrim Toms.** A report issued in November 2019 found that two officers were legally justified in firing 12 shots at Jerrim Toms on State Highway 1 near Puhoi on 31 March 2018, after he advanced on them while wielding a machete. However, there was inadequate communication, control and command of the incident as a whole, by Police.
- **Triple Fatality following Christchurch pursuit.** A report issued in January 2020 found that Police were justified in deploying spikes following a pursuit in Christchurch. The driver swerved to avoid the spikes, lost control and crashed into a tree. The driver, Glen McAllister (16yrs), his brother Craig McAllister (13yrs), and Brooklyn Taylor (13yrs) died at the scene.
- **Man drowns in Waikato River during Police search.** The Authority found that the three Police officers crewing a Police boat during a search did not do all they should have to rescue a man when he entered the Waikato River in an attempt to avoid arrest.

IPCA investigation into Bullying within New Zealand Police

At the time the Debbie Francis review was commissioned by Police, the Authority had received, or was already investigating several specific complaints of bullying within Police. These individual complaints identified a number of more general matters requiring much broader investigation. The Authority therefore decided to undertake its own investigation, which has been much wider than the Francis review and has considered the organisational, cultural, management or practice issues that foster bullying or allow it to occur.

At the beginning of our investigations we invited anyone from Police wishing to make a complaint or otherwise provide information relevant to the inquiry to contact the Authority. We were overwhelmed by the response, which resulted in over 180 informants providing information, most by way of interview. We also received 26 specific complaints, most of which have been independently investigated. We are analysing the themes and issues arising from our project and will be publishing a report outlining our findings and recommendations.

STRATEGIC INITIATIVES

The Authority's strategic objectives, in accordance with its Statement of Intent 2020/21 – 2023/24, include consideration of the results from an external efficiency and effectiveness review to be concluded in September 2020; looking at ways in which we can improve service delivery; using our data to develop more targeted services; increasing the emphasis on our preventive role; enhancing our engagement with communities; and working with Police to ensure a greater focus on good custodial practice that meets international standards.

Maximising Efficiency & Effectiveness

The Authority recognises that the timeliness of service delivery in some areas of its work needs to improve. We also acknowledge that for some members of our communities, particularly for Māori, Pasifika, youth, and other vulnerable people, equity of access to our services is required to maximise the effectiveness and impact of our work.

These are two key strategic objectives that we have targeted for advancement in 2020/21. To aid us in achieving this goal we aim to consider the results of the efficiency and effectiveness review as soon as practicable; to adopt the recommendations from it where appropriate; and to develop a staged implementation plan with a view to full implementation of the accepted recommendations by the end of the 2020/21 financial year.

Leveraging technology - Using data insights to develop targeted services

In addition to improving our overall operational capability the deployment of our new case management system in October 2019 has improved internal data-analysis capability; provided more comprehensive and accurate case data; and allowed better access to information on performance and trends. It is also the means by which we can report relevant insights that might support broader sector and cross-sector initiatives to improve outcomes for individual communities.

Our enhanced technological capability will encourage the Authority to develop a more mature intelligence function that will allow us to work better with Police, communities and the broader justice sector.

Increasing the emphasis on prevention

The Authority has long maintained that its work is more successful if what we do not only holds Police to account for misconduct or neglect of duty when things go wrong, but is used to prevent similar problems from recurring. We therefore believe that, through engaging with Police and the community early in a preventive capacity, we can add the most value to positively influencing Police practice and thereby public confidence in Police.

An emphasis on prevention focuses our relationship with Police and communities on the positive learning opportunities and outcomes that can emerge from the investigation of complaints. Adopting this approach allows the Authority to be seen less as an oversight body ('the Police watchdog') and more as an independent body ensuring Police learn from the mistakes that have been made. We have been diverted from fully developing this aspect of our work by the compounding increase in case volume over recent

years. However, we are currently undertaking a number of thematic reviews in areas where we believe some changes to Police policy or practice may be required. These include:

- Bullying and Police culture
- Policing in small communities
- Remands in Police cells and prisoner transportation
- Driving – Speed of Officer when Urgent Duty Driving
- Categorisation of Fraud cases

It is critical to the Authority's role that it continues to develop this aspect of our work. Otherwise we are simply continuing to act as the ambulance at the bottom of the cliff.

Enhancing engagement within our communities

The most important objective of community engagement is to ensure that when people have need of our services, they are able to access us and have trust that we will deal with them fairly and impartially.

Increasing levels of trust and confidence within our communities, particularly amongst those community groups with the lowest confidence in Police, and those who have the least understanding of the independence of the Authority's function within the justice system, is a key focus of our work.

Our engagement strategy starts with those who we know have the lowest levels of trust in the Police, and any form of police complaints system – for example, Māori, Pasifika, and young people, those from migrant communities, and vulnerable people – so they understand their right to complain, can access the complaints system, overcome cultural, language, and other barriers to accessing our services, and have adequate explanation about both what to expect from the complaints process and the outcomes achieved through its use.

Low levels of awareness and understanding from within these communities can contribute not only to reduced confidence in the system, but also to concern about the time and effort required to make a complaint, and a fear of potential repercussions or that their complaint will not be listened to. It is very important in all levels of engagement that the independence, impartiality, and fairness of our role is emphasised.

The Authority has undoubtedly achieved our objective of increasing visibility and improved accessibility to our services. Our next steps will channel this increased exposure to focus on improving our engagement with those identified groups within our community who are over-represented in their contact with Police, yet under-represented as complainants in the complaints we receive about Police. To this end we aim to develop our engagement strategy with an explicit focus on building our relationships with these communities via partnerships with Iwi and Māori organisations, NGOs supporting these communities, local community-focused media and existing cross-sector agency initiatives with proven success in appropriate targeted engagement approaches.

Our engagement strategy will include gathering information from these communities relating to their interaction with Police and the Authority itself in order to help identify underlying issues or tensions. We anticipate this will help us to identify resolution responses and strategies that we may not have otherwise

considered, thereby fostering not only a level of community involvement in the activities of the Authority which is not currently present but ultimately greater trust and confidence in Police.

Working with Police to ensure a greater focus on good custodial practice.

In 2018/19 the Authority completed baseline inspection of the 31 Police custodial facilities which routinely hold detainees overnight. The focus of the 2019/20 year has been on writing individual reports on each facility and developing an individual set of recommendations for each Police District. This was completed during the reporting period, and almost all Districts have now responded with plans and timeframes for implementing the recommendations we have made. As part of our 2020/21 programme of visits we will re-visit some of the more problematic facilities to monitor progress. We will also be writing an overall public report highlighting the major themes that need to be addressed by Police as part of their current strategic review of custody units.

Progress against our Outcomes Framework



MAIN OUTCOME: CONTRIBUTING TOWARD IMPROVED PUBLIC TRUST IN POLICE CONDUCT

The justice sector has an aspirational goal that all New Zealanders should expect to live in a safe and just society. The Authority is part of the justice sector and sees its role as a contributor to achieving the outcomes set for the sector.

The two justice sector outcomes that the Authority most contributes toward are 'A trusted justice system' and 'Effective constitutional arrangements'.

The Authority believes that there is a strong link between our work and improved Police conduct. Improved Police conduct should lead to New Zealanders having increased trust and confidence in Police and policing generally.

A trusted justice system

How the Authority operates (i.e. the quality and perceived independence of services provided when in direct contact with users) goes to the heart of whether the Authority is seen as trustworthy in approach and credible in its judgements.

Effective constitutional arrangements

The Authority's role, within the Police oversight system, is to independently hold Police accountable; to promote public confidence in the accountability of Police; and to improve policing practice, policy and procedure.

A fundamental purpose of the Authority is to enable the public to effectively engage with the Police oversight system. To do this the public needs to be aware of our role and must have trust and confidence in the Authority to carry out that role.

We achieve our main outcome through the fulfilment of our key role: to ensure that people have confidence that complaints about, and incidents involving, Police conduct will be fairly and impartially investigated or reviewed; that issues relating to Police practice, policy or procedure will be properly identified and addressed; and that any recommendations made by the Authority will be implemented by Police, and will be universally applied resulting in improved Police conduct across all New Zealand. It is our job to try and ensure that the levels of trust and confidence that New Zealanders have in Police and policing generally remains high.

The Authority cannot formally measure its individual impact on the level of public trust and confidence in Police; it is but one cog in the overall justice system. The impact of our work can be measured by reference to the visibility and accessibility of the Authority; the confidence both complainants and Police have in the integrity of the Authority's work; and implementation of the Authority's recommendations about Police conduct, practices, policies and procedures.

Impact of Covid-19

The Authority's ongoing ability to deliver all core business functions and services is largely unaffected as a result of Covid-19, however our ability to meaningfully report against some aspects of our service performance framework was affected by the advent of Covid-19.

Impact Measure 1: A visible and accessible Authority

Performance July 2019 – June 2020			
Measures	How measured	Met / Not Met	Activities Undertaken
The community is informed of the Authority's role in enhancing Police accountability and Police performance: access to the Authority's services is readily available	Strategies identified in the Authority's Community Engagement Plan that will be implemented in 2019/20 are:		
	Increasing the information available to the public on the Authority's work and complaint outcomes	Met	Overall increase in the number of public reports. Increased number of publications of Categories B and C summary reports on website, real-time interviews on mainstream media following report releases
	Presenting to targeted Police training courses in order to increase awareness of the Authority's role and functions	Met	Presentation to 18 groups comprising recruit, Senior Sergeant, dog handler and AOS courses. We also made presentations to 4 international delegations.
	Engaging with a sample of small communities around New Zealand to ascertain their views on the complexity of policing their communities	Not undertaken in 2019/20	(2018/19) Completion of engagement with 13 small communities throughout mainland New Zealand and offshore islands was undertaken.
	Developing and implementing connection with the wider community through the expanded use of social media	Met	Category A media statements and Category B summaries published on Facebook. Further use of Te Reo on website and social media.
	Widening circulation and use of the Authority's brochure	Met	Provision of updated brochures to all Police stations and other relevant community agencies.

Impact Measure 2: Public and Police confidence in the integrity of the Authority's work

During the 2019/20 reporting period we piloted a replacement satisfaction research programme, utilising a combined quantitative/qualitative survey methodology. This was intended to better cover all of those using our services and encourage a higher level of participation. The pilot was largely conducted through an online survey, with only a small proportion of participants canvassed via telephone interview for qualitative comment.

However, this fundamental change in methodology from telephone survey to online survey resulted in substantially lower response rates from both complainants and Police personnel, making it difficult to compare with previous years. Indeed, while the number of those from Category A and B files who were invited to participate in the survey was similar to previous years, only 4 Police personnel responded. This has prevented us from reporting meaningfully on the second and third satisfaction levels set out in the table below. The change in methodology therefore failed to achieve its objectives. In future, we will remodel aspects of the research methodology to more closely resemble the previous in-house survey delivered via telephone interview.

The low Police response rate may also have been affected by the Covid-19 lockdown. The survey was conducted over that period, and involvement by officers in the emergency duties required of them during the lockdown may have been a contributing factor.

It should also be noted that for the first time we included Category C and D files in the random sample of cases included in the survey. We chose to open the pilot to these complainants because, whilst we know that their participation makes comparison with previous years difficult, their feedback is nevertheless important in gaining insight into how we can improve all aspects of our service. However, since Category D cases are those in which we have declined to take any action, it was predictable that overall satisfaction levels would be substantially lower than in previous years.

	Performance July 2019 – June 2020			Comparative Performance July 2018– June 2019
Measures	Forecast	Actual ²	Met / Not Met	Actual
Participants in surveys are satisfied with their contact with Authority staff	75% are satisfied	33% (30/92 participants)	Not met	89%
Participants in surveys are satisfied with the Authority's investigation processes	75% are satisfied	Insufficient data available to report Only 1 Category A respondent	Not met	78%

² The overall response rate for the survey was 46%, of 201 contacted, 92 responded. Of the respondents, only 1 Category A (Investigations) and 3 Category B (review processes) responded.

Participants in surveys are satisfied with the Authority's review processes	75% are satisfied	Insufficient data available to report Only 3 Category B respondents	Not met	29%
Participants in surveys are satisfied with the Authority's facilitated resolution processes	75% are satisfied	31% (12/39 participants)	Not met	87.5%

Impact Measure 3: Improved Police conduct, practices, policies and procedures following implementation of the Authority's recommendation

	Performance July 2019 – June 2020			Comparative Performance July 2018 – June 2019
Measures	Forecast	Actual	Met / Not Met	Actual
Police accept Authority recommendations for changes and improvements in police conduct, practice, policy and procedures	95%	100%	Met	92%

As at 30 June 2020 there were 39 active recommendations to Police, 8 of these related to individual recommendations in conjunction to the joint Authority/Police Fleeing Driver report, 6 of the total active recommendations were made during the 2019/20 financial year. All recommendations have been accepted by Police.

Annual Accountability Statements

STATEMENT OF RESPONSIBILITY FOR THE YEAR ENDED 30 JUNE 2020

- We are responsible for the preparation of Independent Police Conduct Authority's financial statements and statements of performance, and for the judgements made in them.
- We are responsible for any end-of-year performance information provided by Independent Police Conduct Authority under section 19A of the Public Finance Act 1989.
- We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the Independent Police Conduct Authority for the year ended 30 June 2020.

Signed on behalf of the Board



Judge Colin Doherty
Chair
INDEPENDENT POLICE CONDUCT AUTHORITY



Simon Murdoch
Member
INDEPENDENT POLICE CONDUCT AUTHORITY



Liz Sinclair
Member
INDEPENDENT POLICE CONDUCT AUTHORITY

2019/20 Performance Reporting: Statement of Service Performance

In the Statement of Performance Expectations for this reporting year we revised our performance measures to reflect the limitations resourcing strictures placed on the Authority so as to ensure we realistically measure our effectiveness in achieving our objectives. The revised measures broadly fall into the following four categories:

- 1) receive, manage and ensure resolution of complaints;
- 2) carry out independent and timely investigations into Police conduct and report on these as required;
- 3) make recommendations for improved Police conduct, policies, practices and procedures, based on the results of investigations and monitor their implementation;
- 4) monitor and report on places of Police detention.

Output Measure 1: receive and manage complaints and incidents

Performance July 2019 – June 2020				Comparative Performance July 2018 – June 2019
Measures	Forecast	Actual	Met / Not Met	Actual
All notifications of new complaints and incidents are acknowledged within seven days.	95%	98%	Met	97%
All new complaints and incidents able to be assessed without the need for additional information are categorised and decisions made about the appropriate actions are taken within 28 days.	95%	57% ³	Not Met	61%
All new complaints and incidents requiring additional information by Police or any other person are categorised and decisions made about the appropriate actions are taken within 56 days.	80%	30%	Not Met	70%

³ Our Four monthly Report to the Minister as at 30 June 2020 erroneously reported this result as 36%, this was incorrect.

Where a decision is made to take no action upon a complaint, the letters to Police and the complainant are issued within 21 days of making that decision	95%	96%	Met	86%
Where a complaint discloses a reasonable grievance, the Authority and Police agree on the actions that are appropriate to resolve that grievance and the agreed actions are undertaken	95%	100%	Met	100%
Where the Authority receives an 'Expression of Dissatisfaction' ⁴ on any complaint, the final outcome of the Authority's review will be communicated to the complainant within 35 days of the expression of dissatisfaction being received	85%	79%	Not Met	50%

Results reported against our performance measures during the year have been mixed. We have maintained or improved upon the previous year's results in some areas, whilst performance in a number of critical service delivery areas has been severely impacted as the Authority has struggled to adjust some aspects of our service delivery (specifically those points at which Authority processes interface with Police processes) under the strain of the 28% increase in complaint volume.

Maintaining performance in some areas has come at the cost of compromised performance elsewhere. For example, our ability to meet performance targets in relation to the timeliness of our independent investigations continues to be affected by the need for investigation resource to be applied across both independent investigations and the active oversight of Police investigations.

Our performance is also directly affected by the ability of Police to respond to reciprocal demands for additional information. Often that ability is affected by events (e.g. Mosque massacre, and Covid-19) where operational demands soak up Police resources that are otherwise available to service Authority needs.

⁴ An 'Expression of Dissatisfaction' is recorded when the complainant provides the Authority with new evidence in support of their complaint or has a compelling argument that the existing evidence should be reconsidered.

Thus, in general, the areas where we are struggling to achieve performance targets are those parts of the complaints process that interface with Police processes, such as the timely gathering of information and other external processes upon which the progression of complaints handling depends.

Output Measure 2: Independent, high quality and timely investigations and reviews

Performance July 2019– June 2020				Comparative Performance July 2018– June 2019
Measures	Forecast	Actual	Met / Not Met	Actual
Reviews of Police investigations for Category B cases will be completed by the Authority within 28 days of receiving the file or Final Report from Police ⁵	90%	54% ⁶	Not Met	62%
Independent investigations carried out by the IPCA will be concluded as soon as practicable ⁵	90% within 12 months* ⁷	29%	Not Met	58%
	99% within 24 months* ⁸	82%	Not Met	89%
For each Category A case that proceeds to a full investigation, an investigation plan, milestones and a completion date will be set and monitored ⁹	100% of investigations	100%	Met	100%
Reports as a result of Category A investigations are clear, consistent and well-structured and have well-argued conclusions ¹⁰	100% of reports meet required standard	100%	Met	100%

⁵ The 28-day period excludes any period during which the IPCA is awaiting further information requested from Police.

⁶ A number of Category B files were excluded from this measure as they were closed via an agreed alternative resolution process with Police and did not result in a final Police report being received for review by the Authority.

⁷ This measure is included in the services from the Independent Police Conduct Authority non-departmental appropriation for Vote Justice for 2019/20

⁸ This measure is included in the services from the Independent Police Conduct Authority's non-departmental appropriation for Vote Justice 2019/20

⁹ This measure is calculated on the basis of investigation files closed during the 2019/20 year.

¹⁰ The Authority produces approximately 44 public reports annually and randomly selects five of these across a range of incidents for review.

Output Measure 3: make recommendations for improved police conduct, policies, practices and procedures and monitoring implementation of those recommendations

Measures	Performance July 2019 – June 2020			Comparative Performance July 2018– June 2019		
	Forecast	Actual	Met / Not Met		Actual	
All systemic issues ¹¹ identified by the IPCA relating to Police practices, policies and procedures are raised and discussed with Police and appropriate recommendations made where required, before the closure of the case * ¹²	100%	100%	Met		100%	

We have ensured that all of the issues identified during an investigation or review are raised with Police as soon as possible and have achieved this measure.

¹¹ This excludes OPCAT issues, which are addressed under Output measure 4.

¹² This measure is included in the Services from the Independent Police Conduct Authority non-departmental appropriation for Vote Justice for 2019/20

Output Measure 4: Monitor places of Police detention

Measures	Performance July 2019 – June 2020			Comparative Performance July 2018 – June 2019		
	Forecast	Actual	Met / Not Met	Forecast	Actual	Met / Not Met
All systemic custodial management issues are raised and discussed with the Police prior to the completion of the relevant review or independent investigation * ¹³	100%	100%	Met	100%	100%	Met
Reviews of police audits of District Custodial Management files being conducted bi-monthly according to a programme agreed with Police, are completed within 60 days. * ¹⁴	100%	100%	Met	100%	100%	Met

In 2018/19 the Authority completed baseline inspection of the 31 Police custodial facilities that routinely hold detainees overnight. The focus of 2019/20 has been writing individual reports on each facility and developing a set of recommendations for change. Police Districts have developed plans with time frames to implement the recommendations. As part of our 2020/21 programme we will visit some of the more problematic facilities to monitor progress on completion of the recommendations.

During the Covid-19 level 4 lockdown, the Authority conducted two remote monitored inspections using “FaceTime” with Invercargill and Auckland City. We spoke with the Custody supervisors who provided a walkthrough of the facility and a discussion on the systems and process Police adopted for managing the detainees. There was a focus on health and safety practices, staffing, segregation of detainees, the receiving and evaluation of detainees, availability and use of PPE, the cleaning programme and rights and entitlements of detainees. The Authority found that Police had adapted their systems and processes to take account of Covid-19 issues appropriately.

¹³ This measure is included in the Services from the Independent Police Conduct Authority non-departmental appropriation for Vote Justice for 2019/20

¹⁴ This measure is included in the Services from the Independent Police Conduct Authority non-departmental appropriation for Vote Justice for 2019/20

The Authority has joint responsibility with the Office of the Ombudsman in respect of court cells. We have begun a joint programme of inspections of District Court cells. Covid-19 has impacted upon this work, but it will be picked up in the next reporting period.

2019/20 Financial Statements and Supporting Information

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Independent Police Conduct Authority is an independent Crown entity for legislative purposes, established by the Crown Entities Act 2004. The Authority is domiciled in and operates in New Zealand. 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 (PBE) for financial reporting purposes.

The financial statements for the Independent Police Conduct Authority are for the year ended 30 June 2020 and were approved by the Board on 18 December 2020.

Basis for Preparation

The financial statements have been prepared on a 'going concern' basis, and the accounting policies have been applied consistently throughout the period.

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 have been prepared in accordance with Tier 2 PBE accounting standards. This classification is because the Independent Police Conduct Authority has expenditure under \$30m and is not deemed to be publicly accountable as it does not have shares issues on a public market. Accordingly, they comply with PBE accounting standards.

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.

Presentation currency

The financial statements are presented in New Zealand dollars, rounded to the nearest one dollar.

Summary of Significant Accounting Policies

Revenue

Revenue Funding from the Crown

The Independent Police Conduct Authority is primarily funded through revenue received from the Crown. This funding is restricted in its use for the purpose of the Independent Police Conduct Authority meeting its objectives as specified in legislation and the scope of the relevant government appropriations. Apart from these general restrictions, the Independent Police Conduct Authority considers there are no unfulfilled conditions or contingencies attached to the funding and it is recognised as revenue at the point of entitlement.

Interest revenue

Interest revenue is recognised using the effective interest method.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the Lessee. Lease payments under an operating lease are recognised as an expense on a straight line basis over the period of the lease.

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable 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 receivable. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

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.

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 investments, 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.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Intangible assets

Software acquisition

Acquired computer software licences 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

The carrying value of an intangible asset with a finite life is amortised on a diminishing value basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Software 25.0% DV

Impairment of property, plant and equipment and intangible assets

The Independent Police Conduct Authority does not hold any cash generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant and equipment and intangible assets held at cost 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 service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on a 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 service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

Financial liabilities

Creditors and other payables

Short term creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured at accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

A liability and an expense for bonuses is recognised where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount that reflects the current market assessment of the time value of money and the risks specific to the obligation.

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 a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Independent Police Conduct Authority is a public authority in terms of the Income Tax Act 2007 and consequently is exempt from the payment of income tax. Accordingly no provision has been made for income tax.

Cash flow statement

The cash flow statement is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive revenue & expense.

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.

Budget figures

The budget figures are those that form part of the Independent Police Conduct Authority 2019/20 Statement of Performance Expectations as approved by the board at the beginning of the year.

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 preparing these financial statements Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2020:

Lease Classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Independent Police Conduct Authority. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas with an operating lease no such asset is recognised.

The Independent Police Conduct Authority has exercised its judgement on the appropriate classification of building rental leases, and has determined a number of lease arrangements to be operating leases.

INDEPENDENT POLICE CONDUCT AUTHORITY
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE
FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual \$		Notes	2020 Actual \$	2020 Budget \$
	Revenue			
4,992,000	Funding from the Crown	1	5,171,000	4,671,000
45,785	Interest revenue		40,650	56,587
40,001	Other Revenue		30,594	31,000
<u>5,077,786</u>	Total Revenue		<u>5,242,244</u>	<u>4,758,587</u>
	Expenditure			
36,632	Audit fees	2	37,290	34,819
9,462	Amortisation	8	31,592	42,094
-	Bad Debts		146	-
27,835	Communication charges		30,304	30,603
67,511	Depreciation	7	84,126	53,576
3,495,945	Personnel costs and Board Fees	3	4,150,129	3,877,046
16,936	Printing & stationery		16,190	18,362
202,250	Professional fees and contract services		179,184	170,000
395,975	Rent		402,716	424,359
178,668	Services & supplies		235,981	309,750
10,850	Subscriptions		6,406	12,394
-	Training		1,585	30,000
117,100	Travel & accommodation		95,802	100,000
<u>4,559,164</u>	Total Expenditure		<u>5,271,450</u>	<u>5,103,003</u>
<u>518,622</u>	Surplus/(Deficit)		<u>(29,206)</u>	<u>(344,417)</u>
	Other Comprehensive Revenue and Expense			
<u>518,622</u>	Total Comprehensive Revenue/(Deficit)		<u>(29,206)</u>	<u>(344,417)</u>

Explanations of major variances against budget are detailed in note 22.

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

INDEPENDENT POLICE CONDUCT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

2019 Actual \$	Assets	Notes	2020 Actual \$	2020 Budget \$
	Current assets			
581,428	Cash and cash equivalents	4	626,478	939,929
900,000	Investments	5	910,103	40,000
45,313	GST Receivable		39,396	30,586
15,328	Debtors and other receivables	6	14,227	37,091
1,542,069	Total Current Assets		1,590,204	1,047,605
	Non-current assets			
232,353	Property, plant & equipment	7	266,709	216,755
149,526	Intangible assets	8	144,975	148,515
381,879	Total Non-Current Assets		411,684	365,270
1,923,948	Total assets		2,001,888	1,412,875
	Liabilities			
	Current liabilities			
170,019	Creditors and other payables	9	177,625	96,585
203,851	Employee entitlements	11	306,723	203,795
373,870	Total Current Liabilities		484,348	300,380
	Non-current liabilities			
48,333	Make-good Provision	18	58,333	67,223
42,222	Leasehold Fit-out capital contribution	19	28,889	-
90,555	Total Non-Current Liabilities		87,222	67,223
464,425	Total Liabilities		571,570	367,603
1,459,523	Net assets		1,430,318	1,045,272
	Crown equity			
1,459,523	Total investment by the Crown		1,430,318	1,045,272
1,459,523	Total Crown Equity		1,430,318	1,045,272

Explanations of major variances against budget are detailed in note 22.

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

INDEPENDENT POLICE CONDUCT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual \$		Notes	2020 Actual \$	2020 Budget \$
940,902	Total Crown Equity at beginning of year		1,459,524	1,389,688
518,622	Total Comprehensive Revenue		(29,206)	(344,417)
<u>1,459,524</u>	Total Crown Equity at end of year		<u>1,430,318</u>	<u>1,045,271</u>

Explanations of significant variances against budget are detailed in note 22.

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

INDEPENDENT POLICE CONDUCT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual \$	Notes	2020 Actual \$	2019 Budget \$
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Cash was provided from/(applied to)		
4,992,000	Receipts from the Crown	5,171,000	4,671,000
224,827	Receipts from Other Income	35,229	31,000
42,721	Interest received	37,116	56,587
(28,109)	Net GST received/(paid)	6,383	8,594
(4,465,135)	Payments to suppliers and employees	(5,049,051)	(4,945,188)
766,304	Net cash flow from operating activities	200,677	(178,007)
	CASH FLOWS FROM INVESTING ACTIVITIES		
	Cash was provided from/(applied to)		
-	Proceeds from term deposits	-	290,000
(56,298)	Purchase of property, plant & equipment	(118,483)	(45,000)
(90,703)	Purchase of intangible assets	(27,041)	(160,000)
(500,000)	Sale / (Acquisition) of investments	(10,103)	-
(647,001)	Net cash flow from investing activities	(155,627)	85,000
	CASH FLOWS FROM FINANCING ACTIVITIES		
-	Repayment of Leasehold fit out	-	(13,333)
-	Net cash flow from financing activities	-	(13,333)
119,303	Net increase/(decrease) in cash and cash equivalents	45,050	(106,340)
462,125	Cash and cash equivalents at beginning of year	581,428	1,046,269
581,428	Cash and cash equivalents at end of year	626,478	939,929
581,428	Represented by: Cash & cash equivalents	626,478	939,929

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.

Explanations of major variances against budget are detailed in note 22.

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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. Crown funding is recognised as a non-exchange transaction. Additional one-off funding of \$500,000 was received from the Crown to facilitate employment of additional contract staff in the Case Resolution Team to ease the backlog of cases.

2. Remuneration to Auditors

	2020 Actual \$	2019 Actual \$
Audit of the financial statements	37,290	36,632
	<u>37,290</u>	<u>36,632</u>

3. Personnel Expenses and Board Fees

		2020 Actual \$	2019 Actual \$
Salaries and wages		3,488,016	2,960,834
Defined contribution plan employer contributions		93,310	82,856
Increase/(decrease) in employee entitlements	11	102,872	20,131
Board fees	15	<u>465,931</u>	<u>432,124</u>
Total Personnel Expenses		<u>4,150,129</u>	<u>3,495,945</u>

Employer contributions to defined contribution plans include contributions to Kiwisaver.

4. Cash and Cash Equivalents

	2020 Actual \$	2019 Actual \$
Cash at bank	626,478	581,428
Call account	<u>-</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>626,478</u>	<u>581,428</u>

While cash and cash equivalents at 30 June 2020 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because there is minimal risk of credit losses.

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

	2020 Actual \$	2019 Actual \$
5. Investments		
Term Deposits – Current	910,103	900,000
Term Deposits – Non Current	-	-
Total Investments	910,103	900,000

No loss allowance for expected credit losses has been recognised because the estimated 12-month expected loss allowance for credit losses is trivial.

	2020 Actual \$	2019 Actual \$
6. Debtors and other receivables		
Accrued interest	10,402	6,868
Sundry receivables	3,825	8,461
Total Debtors and other receivables	14,227	15,329

Total Comprises:

Receivables from exchange transactions	14,227	15,329
GST receivable (non-exchange transaction)	39,396	45,312

Accrued interest and sundry receivables have been classified as exchange transactions while outstanding GST receivable has been classified as non-exchange in line with PBE IPSAS 9 and PBE IPSAS 23. The carrying value of debtors and other receivables approximate their fair value.

No receivables are past 30 days overdue.

While debtors and other receivables at 30 June 2020 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because there is a minimal risk of credit losses.

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

7. Property, Plant and Equipment

Movements of each class of plant, property & equipment are as follows:

	Office equipment	Furniture & fittings	Leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance at 1 July 2018	267,147	63,824	266,300	597,271
Additions	55,385	914	-	56,299
Sales/transfers	-	-	-	-
Balance at 30 June 2019	322,532	64,738	266,300	653,570
Balance at 1 July 2019	322,532	64,738	266,300	653,570
Additions	76,133	-	42,350	118,483
Sales/transfers	-	-	-	-
Balance at 30 June 2020	398,665	64,738	308,650	772,053

	Office equipment	Furniture & fittings	Leasehold improvements	Total
Accumulated depreciation	\$	\$	\$	\$
Balance at 1 July 2018	199,640	46,726	107,340	353,706
Depreciation expense	33,802	4,313	29,396	67,511
Sales/transfers	-	-	-	-
Balance at 30 June 2019	233,442	51,039	136,736	421,217
Balance at 1 July 2019	233,442	51,039	136,736	421,217
Depreciation expense	49,133	3,425	31,568	84,126
Sales/transfers	-	-	-	-
Balance at 30 June 2020	282,575	54,464	168,304	505,343

Book Value

At 1 July 2018	67,507	17,098	158,960	243,565
At 30 June 2019 & 1 July 2019	89,090	13,699	129,564	232,353
At 30 June 2020	116,090	10,274	140,346	266,710

There are no restrictions over the title of the IPCA's property plant and equipment nor are any property, plant and equipment pledged as security for liabilities.

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

8. Intangible Assets

	Software	WIP – Case Management	Case Management System	Total
Cost	\$	\$		\$
Balance at 1 July 2018	296,033	-	-	296,033
Additions	-	121,140	-	121,140
Sales/transfers	-	-	-	-
Balance at 30 June 2019	296,033	121,140	-	417,173
Balance at 1 July 2019	296,033	121,140	-	417,173
Additions	-	-	148,181	148,181
Sales/transfers	-	(121,140)	-	(121,140)
Balance at 30 June 2020	296,033	-	148,181	444,214

	Software	WIP – Case Management	Case Management System	Total
Accumulated depreciation	\$	\$		\$
Balance at 1 July 2018	258,185	-	-	258,185
Depreciation expense	9,462	-	-	9,462
Sales/transfers	-	-	-	-
Balance at 30 June 2019	267,647	-	-	267,647
Balance at 1 July 2019	267,647	-	-	267,647
Depreciation expense	7,096	-	24,496	31,592
Sales/transfers	-	-	-	-
Balance at 30 June 2020	274,743	-	24,496	299,239

Book Value				
At 1 July 2018	37,848	-	-	37,848
At 30 June 2019 & 1 July 2019	28,386	121,140	-	149,526
At 30 June 2020	21,290	-	123,685	144,975

There are no restrictions over the title of the IPCA's intangible assets nor are any intangible assets pledged as security for liabilities.

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

	2020 Actual \$	2019 Actual \$
9. Creditors and Other Payables		
Payables under exchange transactions		
Trade creditors	127,002	136,764
Leasehold Fit-out capital contribution (current portion)	13,333	13,333
Accrued expenses	37,290	19,921
Total creditor and other payables under exchange transactions	177,625	170,018

All payables and creditors were classified as exchange transactions as at balance date. 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.

10. Financial Instruments

The following table details the Independent Police Conduct Authority's exposure to interest rate risk as at 30 June 2019.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non-interest bearing \$	Total \$
Financial assets measured at amortised cost:				
Cash and cash equivalents				
- Cash at bank	1.25	581,206	222	581,428
- Term deposits	3.25	900,000	-	900,000
- Debtors and other receivables		-	15,328	15,328
Total financial assets		1,481,206	15,550	1,496,756
Financial liabilities measured at amortised cost:				
Creditors and other payables	-	-	170,019	170,019
Total financial liabilities		-	170,019	170,019

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

10. Financial Instruments (cont.)

The following table details the Independent Police Conduct Authority's exposure to interest rate risk as at 30 June 2020.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non-interest bearing \$	Total \$
Financial assets measured at amortised cost:				
Cash and cash equivalents				
- Cash at bank	1.25	626,478	-	626,478
- term deposits	2.58	910,103	-	910,103
Debtors and other receivables	-	-	14,227	14,227
Total financial assets		<u>1,536,581</u>	<u>14,227</u>	<u>1,550,808</u>
Financial liabilities measured at amortised cost:				
Creditors and other payables	-	-	177,625	177,625
Total financial liabilities		<u>-</u>	<u>177,625</u>	<u>177,625</u>

11. Employee Entitlements

	2020 Actual \$	2019 Actual \$
Accrued salaries and wages	124,768	85,579
Annual leave	<u>181,955</u>	<u>118,272</u>
Total Employee Entitlements	<u>306,723</u>	<u>203,851</u>

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

12. Employee Remuneration

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

	2020 Actual	2019 Actual
\$100,000 - \$109,999	5	2
\$110,000 - \$119,999	3	4
\$120,000 - \$129,999	0	0
\$130,000 - \$139,999	0	0
\$140,000 - \$149,999	0	0
\$150,000 - \$159,999	2	1
\$160,000 - \$179,999	1	0
\$180,000 - \$199,999	0	0
\$200,000 - \$219,999	0	0
\$220,000 - \$239,999	0	1
\$240,000 - \$259,999	1	0
\$260,000 - \$279,999	0	0
	12	8

13. 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. However, transactions with other government agencies (for example, Government departments and Crown Entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

There were no transactions with close family members of key management personnel employed by the Independent Police Conduct Authority in 2020 (2019: \$nil).

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

14. Key Management Personnel Compensation

The compensation of the Authority's Chair, two board members and the Leadership team being the key management personnel of the Independent Police Conduct Authority, is set out below:

	2020 Actual \$	2019 Actual \$
<i>Board Members</i>		
Remuneration	465,931	432,123
Full time equivalents	1.1	1.1
<i>Leadership Team</i>		
Remuneration	941,889	814,511
Full time equivalents	5.65	4.9
Total key management personnel remuneration	1,407,820	1,246,634
Total full-time equivalent personnel	6.75	6.0

There were no post-employment benefits, other long-term employee benefits, termination benefits paid to key management personnel during the year (2019: \$nil).

15. Board member remuneration

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

	2020 Actual \$	2019 Actual \$
Judge Colin Doherty	434,456	405,857
Dianne Macaskill	17,630	11,130
Simon Murdoch	13,845	15,136
Total Board member remuneration	465,931	432,123

Ministry of Justice are paying for Judge Colin Doherty's salary and invoicing Independent Police Conduct Authority for his services.

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year. No Board members received compensation or other benefits in relation to cessation (2019: \$nil).

16. Commitments

(i) Capital commitments

There are no capital commitments this year. All amounts related to the Case Management System project have been billed (2019: \$24,654).

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INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

18. Make Good Provision

A provision for an expected make-good payment has been accrued in the accounts relating to the Grey Street Property. This final payment has been estimated at \$90,000 based on prior make-good payments that the Authority has paid and adjusted for inflation, and it is expected to be settled in 2023. Due to the nine-year lease of the property, this accounts for an annual provision of \$10,000 per year. As at balance date, seventy months of this figure have been accrued, based on the lease commencement date. The estimate for 2020 is: \$58,333. This is classified as a non-current liability, as it is expected to be settled in 2023.

19. Leasehold Fit-out Contribution

DNZ property Fund Limited contributed \$120,000 towards the fit-out for the Grey Street premises during the 2016 financial year. This leasehold fit-out was capitalised and will be depreciated on a straight line basis over 9 years as detailed in the Accounting policies. A liability was recognised for the \$120,000 contribution payment received from DNZ which will be released over the term of the lease, being nine years. As at balance date the current portion of the liability is \$13,333 and the non-current portion is \$28,889.

20. 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 2020 (2019: nil).

21. Impact of COVID-19

There has been no significant impact of COVID-19 on the operations of Independent Police Conduct Authority. Some minor changes to business systems and processes were required to enable remote working during the lockdown period.

Meetings and processes shifted to online during this period, allowing for cost savings in business operations meetings and travel costs.

Planned upgrade of IT equipment was brought forward to facilitate remote working.

Annual and other leave balances also increased during this period. Staff members were encouraged to take leave after the lockdown period, but less opportunity to travel saw these balances remain higher than usual.

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

22. Major Budget Variances

Statement of Comprehensive Revenue & Expense

1. Funding from the Crown

Actual - \$5,171,000; Budget - \$4,671,000

The Authority received additional funding of \$500,000 in this financial period. \$400,000 of additional funding was received and applied towards the hiring of additional staff members to help manage volume pressure. \$100,000 was commissioned for an efficiency review in conjunction with the Ministry of Justice and Police.

2. Interest Revenue

Actual - \$40,650; Budget - \$56,587

Interest revenue was lower than budgeted due to interest rates on deposits falling as a result of COVID-19.

3. Depreciation

Actual - \$84,126; Budget - \$53,576

Depreciation was higher than budgeted due to the purchase of computers being brought forward to enable staff to work from home during the lockdown period.

4. Personnel costs and Board Fees

Actual - \$4,150,129; Budget - \$3,877,046

Personnel costs were higher than budgeted due to receiving 400,000 of additional funding to be applied towards hiring more staff to reduce the backlog of cases.

Services and Supplies

Actual - \$235,981; Budget - \$309,750

Services and supplies were less than originally budgeted due to the deferred timing of some purchases.

Statement of Financial Position

1. Cash and Cash Equivalents

Actual - \$626,478; Budget - \$939,929

The cash and cash equivalents balance at year end was lower than budgeted. This is due to overspends in Personnel costs and interest rates offered being lower than anticipated.

INDEPENDENT POLICE CONDUCT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

2. Investments

Actual - \$910,103; Budget - \$40,000

Investments are higher than budgeted due to being conservative in the budget preparation by anticipating low amounts of cash available to invest in term deposits.

3. Debtors and other receivables

Actual - \$14,227; Budget - \$37,091

Debtors and other receivables were lower than budgeted due to reducing interest rates resulting in less interest accruing at year end.

4. Property, plant & equipment

Actual - \$266,709; Budget - \$216,755

Property, plant & equipment was higher than budgeted due to the purchase of computers being brought forward to enable staff to work from home during the lockdown period.

5. Creditor and other payables

Actual - \$177,625; Budget - \$96,585

Creditor and other payables were higher than budgeted due to increased expenditure at year end on computer equipment to cater for additional staff hired.

6. Employee entitlements

Actual - \$306,723; Budget - \$203,795

Annual and other leave balances increased during the lockdown period. Staff members were encouraged to take leave after this period, but less opportunity to travel saw these balances remain higher than usual.

Statement of Cash Flows

Any variances against budget in the statement of cash flows have been reflected in the notes above.

Summary of income and expenditure on outputs

<i>Output Financials</i>	<i>2019/20 Actual</i>	<i>2019/20 Budget</i>	<i>2019/20 Variance</i>	<i>2018/19 Actual</i>
Crown Funding *	5,171,000	4,671,000	500,000	4,992,000
Interest & Other Revenue	71,244	87,587	(16,343)	85,786
Total Revenue	5,242,244	4,758,587	483,657	5,077,786
Expenses	5,271,450	5,103,003	168,447	4,559,164
<i>Net Surplus/(Deficit)</i>	<i>(29,206)</i>	<i>(344,416)</i>	<i>315,210</i>	<i>518,622</i>

58

Independent Auditor's Report

To the readers of the Independent Police Conduct Authority's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of the Independent Police Conduct Authority (the Authority). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of the Authority on his behalf.

We have audited:

- the financial statements of the Authority on pages 36 to 57, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date, statement of accounting policies and the notes to the financial statements including other explanatory information; and
- the performance information of the Authority on pages 24 to 28, 30 to 35 and 58.

Opinion

Unmodified opinion on the financial statements

In our opinion, the financial statements of the Authority on pages 36 to 57:

- present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Qualified opinion on the performance information because the Authority was unable to report reliable results from its survey on satisfaction with the Authority's investigation and review processes

In our opinion, except for the possible effects of the matter described in the *Basis for our qualified opinion* section, the performance information on pages 24 to 28, 30 to 35 and 58:

- presents fairly, in all material respects, the Authority's performance for the year ended 30 June 2020, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 18 December 2020. This is the date at which our opinion is expressed.

The basis for our qualified opinion is explained below, and we draw attention to the impact of Covid-19 on the Authority. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our qualified opinion

Participants' satisfaction with the Authority's processes is an important part of the Authority's performance information as it is indicative of public and Police confidence in the integrity of the Authority's work.

As explained on page 27 of the annual report, the Authority changed its survey methodology during the year which resulted in substantially lower response rates from both complainants and Police personnel. These response rates may have been further impacted due to the survey being run during the Covid-19 lockdown period. As a result, the Authority is unable to reliably report against all performance measures under "Measure 2: Public and Police confidence in the integrity of the Authority's work".

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter – Impact of Covid-19

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Authority as set out in note 21 on page 55 of the financial statements and page 25 of the performance information.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Authority for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Authority, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Authority's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Authority's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and

whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 4 to 67, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Authority.



Andrew Clark
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

APPENDIX 1

Category A – IPCA independent investigation

Principle

Guidelines

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

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

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

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

Category B – Police investigation with active IPCA oversight

Principle

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

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

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

Category C – Facilitated Case Resolution

Principle

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

Guidelines

This category of complaints has the following characteristics:

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

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

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

Category D – No further action

Principle

It is in the interests of both the complainant and Police that matters of no real substance are identified and concluded at the earliest possible opportunity. This decision will only be made after appropriate research, collation and analysis of available information relating to the complaint has been undertaken.

Guidelines

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

- a) matters which the Authority considers as minor, frivolous or vexatious;

- b) matters where there is no support from the person centrally aggrieved;
- c) have been, are about to be or are able to be, decided by another tribunal or by the Court;
- d) matters which disclose no issue requiring investigation;
- e) matters which relate to an incident of which the complainant has had knowledge for over one year;
- f) a conflict in the evidence about the issues complained of that is unlikely to be resolved by further investigation.



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