



INDEPENDENT POLICE CONDUCT AUTHORITY

Statement of Performance Expectations - 2017/18

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Contents

Preamble..... 4

Overview of services for 2017/18 5

Summary of outputs & output expenses for 2017/18 6

Category definitions..... 7

Key measures for our outputs 11

Impact measures 14

Annex 1: Forecast financial statements 2017/18 – 2020/21..... 16

Annex 2: Notes to and forming part of the financial statements 20

Annex 3: Critical judgments in applying the Authority’s accounting policies..... 27



Preamble

This Statement of Performance Expectations has been prepared in accordance with the requirements of sections 141 and 142 of the Crown Entities Act 2004.

It aligns with the Independent Police Conduct Authority's (the Authority's) 2017/18–2020/21 Statement of Intent and describes the Authority's performance measures and annual forecast financial statements. The Statement of Performance Expectations should be read in conjunction with the Statement of Intent.



Judge Sir David Carruthers, KNZM

Chair



Dianne Macaskill

Member

Simon Murdoch

Member

Overview of services for 2017/18

FUNDING

The Authority is funded by the Crown through the 'Services from the Independent Police Conduct Authority appropriation. The purchase of outputs within this appropriation is solely by the Minister of Justice and is detailed in the Estimates of Appropriations for Vote Justice and the Authority's Statement of Intent 2017/18 to 2020/21.

During the 2017/18 financial year the Authority's Vote Justice revenue will be \$4.111 million (GST exclusive). All figures in this document are GST exclusive.

SCOPE OF APPROPRIATION

The scope of the Authority's appropriation, as detailed in the Estimates of Appropriations, is to investigate incidents where a member of Police causes or appears to cause death or serious bodily injury to any person; to investigate and resolve complaints against the Police; and to monitor and improve Police places of detention.

CONSULTATION WITH, AND REPORTING TO, OUR RESPONSIBLE MINISTER

The Authority will consult with the Associate Minister of Justice, our Responsible Minister, on our activities for the purposes of financial accountability and ensuring that our outputs are being delivered. We will also inform the Minister as appropriate on any issues that may result in significant media, public, or parliamentary attention. The Authority will also work constructively with the Ministry of Justice as the Minister's 'Monitoring Department'.

The Authority will provide the Minister with four-monthly performance reports covering key results and performance highlights, any emerging issues, and significant performance variances or risks.

FINANCIAL STRATEGY

Managing in a tight fiscal environment

The Authority's financial management processes are designed to ensure financial sustainability and prudent expenditure that is directed to meeting the organisation's priorities and goals. Careful management of resources and expenditure has stabilised the Authority's financial position, but increases in the volume of cases during 2015/16 and 2016/17 has put an increasing strain on the Authority's existing capacity to meet demand. Given that personnel represent the greatest area of investment and cost for the Authority, we will continue to set remuneration and employment conditions that are realistic but also mindful of the need to retain experienced and qualified people.

The Authority's financial performance is reviewed by the Board on a monthly basis. Additionally the budget is reviewed and adjusted where required during the financial year, taking into account expenditure trends and needs.

Summary of outputs & output expenses for 2017/18

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

Forecast output class expenditure:

OUTPUT CLASS: Investigate and resolve complaints against the Police, and uphold the rights of persons in Police detention

- Output 1: Receive, manage, and ensure resolution of complaints.
- Output 2: Carry out Independent and timely investigations into Police Conduct and report on these as required.
- Output 3: Make recommendations for improved Police conduct, practices, policies and procedures, based on the results of investigations, and monitor their implementation.
- Output 4: Monitor and report on places of Police detention.

TOTAL: Forecast output expenditure **\$4,332,154**

Forecast revenue:

Forecast Revenue Crown	\$4,111,000
Forecast interest revenue	\$46,242
Forecast other revenue	\$16,000

TOTAL: Forecast revenue **\$4,173,242**

Category definitions

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

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

Category 1 – IPCA independent investigation

Principle

This category comprises cases which, in the public interest, need to be independently investigated by the Authority in order to ensure public confidence in the integrity and objectivity of the investigative process and the outcome.

Guidelines

There are a number of cases that are so serious that they will typically lead to a Category 1 investigation. These include:

- a) cases involving death or serious injury causing 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 the 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 the Police (eg by investigation with a view to possible criminal prosecution or disciplinary proceedings against one or more officers). Conversely, a case that does not meet one of the above criteria may be deemed suitable for a Category 1 investigation if:

- d) it raises significant systemic issues;
- e) it shows a pattern of significant misconduct by an individual officer;
- f) It raises integrity issues in relation to a senior officer or an area, District, or Police generally;
- g) a Police investigation on its own is unlikely, in the view of the Authority, to be perceived as having sufficient robustness to attract public credibility; or

- h) the Police have indicated that for public interest reasons it is preferable for the Authority rather than the Police to investigate.

Category 2 –Police investigation with active IPCA oversight

Principle

Where a case does not meet the criteria for independent investigation but still needs an investigation to determine the appropriate response to the complaint, it is referred back to the Police for investigation. This investigation is actively overseen by the Authority in order to ensure that it focuses on all relevant issues and reaches an appropriate and timely outcome.

Guidelines

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

- a) some initial investigation by Police is required to determine the issues in the case before a final decision can be taken as to whether further investigation by either the Authority or the Police is required;
- b) the complaint is sufficiently serious or complex that ongoing dialogue between the Authority and the Police is desirable to facilitate a robust investigation;
- c) the significance or public profile of the incident requires active oversight of the investigation by the Authority in order to ensure public confidence in the objectivity and integrity of the outcome;
- d) the case involves a complaint against an officer who has a history of misconduct that does not meet the criteria for a Category 1 investigation but is sufficiently serious that ongoing Authority involvement is required to ensure the maintenance of public confidence in the Police.

Category 4 – Facilitated Case Resolution

Principle

Wherever possible, cases are referred to the Police for immediate action to address the complainant's grievance quickly and with the least possible formality, thus avoiding protracted investigation and consequent delay.

Guidelines

This category of complaints has all the following characteristics:

- a) the issues arising from a complaint are readily identified and are acknowledged by the Police;
- b) those issues can be addressed without further investigation;

- c) the actions required to do so, and the timeframes for doing so, are agreed to between the Police and the Authority;
- d) any underlying systemic or organisational issues are addressed immediately or are included in broader thematic work being undertaken by the Police and the Authority.

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 the Police as an organisation soon after the event.

Category 5 – No further action

Principle

It is in the interests of both the complainant and Police that matters of no real substance are identified and concluded at the earliest possible opportunity.

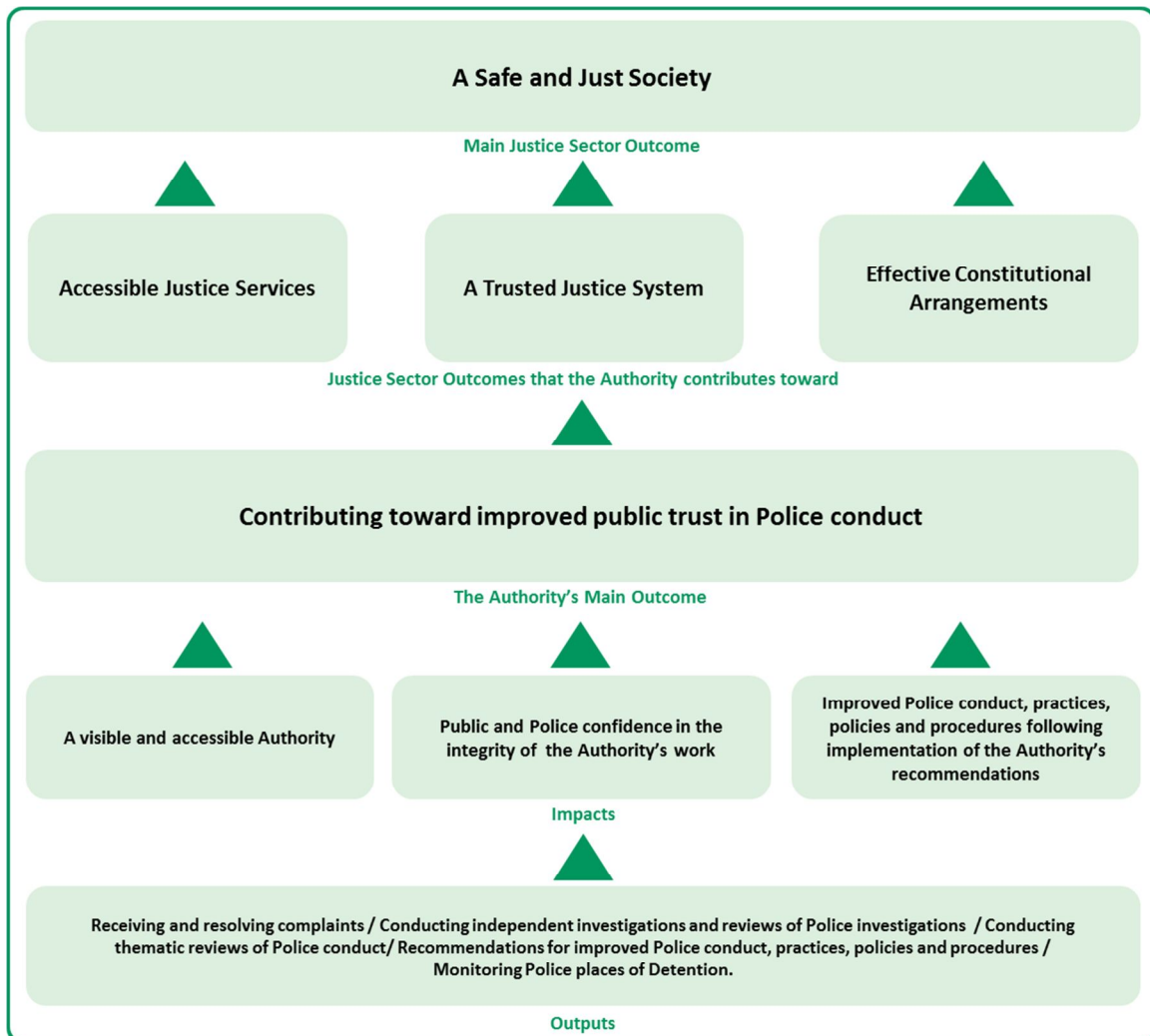
Guidelines

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

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

OUR OUTCOMES FRAMEWORK

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



Key measures for our outputs

The Authority expects to receive approximately 2,700 complaints (including notifiable incidents) in 2017-18. The measures identified below represent critical milestones in the management and investigation of those complaints, and meeting the performance targets is considered to be a fair and realistic challenge for the Authority's management and staff to achieve.

In February 2016 the Authority began trialling new processes for resolving complaints in three Police Districts. The success of the trial led the Authority to adopt these new processes in all Police Districts from January 2017. There is now increased dialogue with the Police and the complainant with a view to identifying the issues and the appropriate means of addressing them as soon as practicable. The objectives are increased timeliness, better quality of outcome and increased complainant satisfaction.

In order to reflect these new processes, some of the existing measures have been refined and some new measures introduced as from 1 July 2017.

OUTPUT MEASURES

Output measure 1: *Receive and manage complaints and incidents*

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2017/18</i>	
All notifications of new complaints and incidents are acknowledged within seven days	95%	The Authority's database
All new complaints and incidents are categorised and decisions made about the appropriate actions are taken within 56 days	90%	The Authority's database
Where a decision is made to take no action upon a complaint, the letters to Police and the complainant are issued within 21 days of making that decision	95%	The Authority's Database
Where a complaint discloses a reasonable grievance, the Authority and Police agree on the actions that are appropriate to resolve that grievance and the agreed actions are undertaken	95%	The Authority's Database
Where an 'Expression of Dissatisfaction' has been lodged in respect of the Authority's decision on any complaint, the final outcome of the Authority's review will be communicated to the complainant within 35	85%	The Authority's database

days of the expression of dissatisfaction being received

Output measure 2: *Independent, high quality and timely investigations and reviews*

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
2017/18		
Reviews of Category 2 cases will be completed by the Authority within 28 days of receiving the file or Final Report from Police ¹	90%	The Authority's database
Independent investigations carried out by the IPCA will be concluded as soon as practicable ²	90% within 12 months 99% within 24 months	The Authority's database
For each Category 1 case that proceeds to a full investigation, an investigation plan, milestones and a completion date will be set and monitored	100% of investigations	The Authority's spreadsheet and project plans
Reports as a result of Category 1 investigations are clear, consistent and well-structured and have well-argued conclusions	100% of reports meet required standard	Five randomly selected reports are independently peer reviewed by an external reviewer.

Output measure 3: *Make recommendations for improved Police conduct, policies, practices and procedures, and monitoring implementation of those recommendations*

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
2017/18		
All systemic issues identified by the IPCA relating to Police practices, policies and procedures are raised and discussed with Police and appropriate recommendations made where required, before the closure of the case	100%	The Authority's database and Spreadsheet

¹ The 28-day period excludes any period during which the IPCA is awaiting further information requested from Police.

² There is an impact on the Authority's timeliness output measure and its ability to achieve the set performance target in cases where there are issues outside of the Authority's control.

Output measure 4: Monitor places of Police detention

<i>Measures</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	2017/18	
All systemic custodial management issues are raised and discussed with the Police prior to the completion of the relevant review or independent investigation	100%	The Authority's OPCAT Spreadsheet
Audits of District custodial management files are completed on a quarterly basis according to programme agreed with Police	Achieved	Programme of Audits

Impact measures

Impact measure 1: *A visible and accessible Authority*

<i>Measure</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	2017/18	
The community is informed of the Authority's role in enhancing Police accountability and improving Police performance; access to the Authority's services is readily available	<p>A 'Community Engagement Plan' will be developed aimed at improving community awareness of the Authority's work and accessibility to its services.</p> <p>The Plan will also include re-development of the Authority's website which will be expanded to make more information and multilingual services available.</p> <p>The Plan will also develop the expanded use of social media.</p>	<p>The Plan will be written and adopted by 31 July 2017.</p> <p>Identified action items will be completed within the stipulated time frames.</p> <p>A revised website will be operational by 31 December 2017.</p>

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

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

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

<i>Measure</i>	<i>Performance target forecast</i>	<i>How it will be measured</i>
	<i>2017/18</i>	
Police accept and implement Authority recommendations for changes and improvements in Police conduct, practice, policy and procedures	90%	The Authority's database and Police 'Sentient' programme

Annex 1: Forecast financial statements 2017/18 – 2020/21

Forecast Statement of Comprehensive Income for the year ended 30 June					
	Estimated Actuals 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
Revenue					
Revenue from Crown	4,111,000	4,111,000	4,111,000	4,111,000	4,111,000
Other Income	16,000	16,000	16,000	16,000	16,000
Interest income	25,286	46,242	36,526	40,149	39,672
Total revenue	4,152,286	4,173,242	4,163,526	4,167,149	4,166,672
Expenditure					
Remuneration to auditors	33,158	33,133	33,464	33,799	34,137
Amortisation	12,550	7,936	43,452	32,589	24,442
Communication charges	31,078	30,000	30,300	30,603	30,909
Depreciation	84,832	58,326	46,244	37,183	30,387
Personnel	3,045,150	3,272,747	2,966,259	3,175,204	3,170,591
Printing and stationery	22,356	25,000	25,250	25,503	25,758
Professional fees	101,910	155,300	156,853	158,422	160,006
Rent	399,632	393,262	397,061	400,898	404,774
Services and supplies	218,428	210,000	210,000	176,750	178,518
Subscriptions	16,004	15,150	15,302	15,455	15,609
Training	11,793	7,070	7,141	7,212	7,284
Travel and accommodation	105,244	124,230	125,472	126,727	127,994
Total expenditure	4,082,135	4,332,154	4,056,798	4,220,345	4,210,409
Net comprehensive income for the year	70,151	(158,912)	106,728	(53,196)	(43,737)

Forecast Statement of Financial Position for the year ended 30 June

	Estimated Actuals 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
Current assets					
Cash & cash equivalents	182,858	135,817	366,946	306,624	315,131
Term Deposits	600,000	404,147	325,127	376,608	356,258
Debtors and Prepayments	-	-	-	-	-
GST receivable	25,486	33,740	26,441	25,812	26,061
Work in Progress	-	150,000	-	-	-
Total current assets	808,344	723,704	718,514	709,044	697,450
Non-current assets					
Property, plant and equipment	286,658	238,332	202,088	174,905	154,518
Intangible assets	40,602	32,667	139,215	106,626	82,184
Total non-current assets	327,260	270,999	341,303	281,531	236,702
Total assets	1,135,604	994,703	1,059,817	990,575	934,152
Current liabilities					
Creditors and other payables	79,990	111,334	83,053	80,340	80,987
Employee entitlements	199,316	199,316	199,316	199,316	199,316
Total current liabilities	279,306	310,650	282,369	279,656	280,303
Non-Current Liabilities	68,889	55,556	42,223	28,890	15,557
Net assets	787,409	628,497	735,225	682,029	638,292
Total public equity	787,409	628,497	735,225	682,029	638,292

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

	Estimated Actuals 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
Crown equity					
Opening equity	717,258	787,409	628,497	735,225	682,029
Net comprehensive income for the year	70,151	(158,912)	106,728	(53,196)	(43,737)
Closing equity	787,409	628,497	735,225	682,029	638,292

Forecast Statement of Cash Flows for the year ended 30 June

	Estimated Actuals 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
Cash flows from operating activities					
Cash will be provided from:					
Receipts from Crown revenue	4,111,000	4,111,000	4,111,000	4,111,000	4,111,000
Interest received	25,286	46,242	36,526	40,149	39,672
Other Income	16,000	16,000	16,000	16,000	16,000
Net GST received	(4,275)	(4,165)	3,611	275	(164)
Cash will be applied to:					
Payments to suppliers and employees	(4,027,316)	(4,261,971)	(4,015,028)	(4,176,265)	(4,178,350)
Net cash flows from operating activities	120,695	(92,894)	152,109	(8,841)	(11,842)
Cash flows from investing activities					
Cash will be provided from:					
Proceeds from term deposits	2,900,000	3,430,668	2,675,918	2,982,525	2,934,116
Cash will be applied to:					
Purchases of property, plant and equipment	(30,442)	-	-	-	-
Purchases of intangible assets	-	(150,000)	-	-	-
Acquisition of term deposits	(3,500,000)	(3,234,815)	(2,596,898)	(3,034,006)	(2,913,767)
Net cash flows from investing activities	(630,442)	45,853	79,020	(51,481)	20,349
Net increase/(decrease) in cash held	(509,747)	(47,041)	231,129	(60,322)	8,507
Plus cash at the start of the year	692,605	182,858	135,817	366,946	306,624
Cash held at the end of the year	182,858	135,817	366,946	306,624	315,131
Represented by:					
Cash & cash equivalents	182,858	135,817	366,946	306,624	315,131
	182,858	135,817	366,946	306,624	315,131

Reconciliation of cash flow with reported operating surplus for the year ended 30 June

	Estimated Actuals 2016/17 \$	Forecast 2017/18 \$	Forecast 2018/19 \$	Forecast 2019/20 \$	Forecast 2020/21 \$
Net comprehensive income for the year	70,151	(158,912)	106,728	(53,196)	(43,737)
Add: non-cash items					
Amortisation	12,550	7,936	43,452	32,589	24,442
Depreciation	84,832	58,326	46,244	37,183	30,387
Add/(less) movement in other working capital items					
(Increase)/decrease in GST receivable	5,465	(8,254)	7,299	629	(249)
Increase/(decrease) in creditors and other payables	(52,303)	8,010	(51,614)	(26,046)	(22,685)
(Increase)/decrease in debtors	-	-	-	-	-
Net cash flows from operating activities	120,695	(92,894)	152,109	(8,841)	(11,842)

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

STATEMENT OF UNDERLYING ASSUMPTIONS

Significant assumption

The opening position of the forecasted statements is based on un-audited results for 2015/2016.

Nature of forecasted financial statements

The forecasted financial statements have been prepared as a best efforts indication of the Independent Police Conduct Authority's future financial performance. Actual financial results achieved for the period covered are likely to vary from the information presented, potentially in a material manner.

Reporting entity

The reporting entity is the Independent Police Conduct Authority, a Crown entity as defined by the Crown Entities Act 2004, and is domiciled in New Zealand. As such, the Independent Police Conduct Authority's ultimate parent is the New Zealand Crown.

The principal activity of the Independent Police Conduct Authority is to assess complaints made by members of the public against the Police. The primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return.

Accordingly, the Independent Police Conduct Authority has designated itself as a public benefit entity.

Basis for preparation

Statement of compliance

The forecast financial statements of the Independent Police Conduct Authority have been prepared with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice ('NZ GAAP').

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

Measurement base

The forecast financial statements have been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

The forecast financial statements are presented in New Zealand dollars, rounded to the nearest one dollar. The functional currency of the Independent Police Conduct Authority is New Zealand dollars.

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

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

Revenue from the Crown

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

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

Interest

Interest revenue is calculated based on the net cash-flow received throughout the year, with an assumed interest rate of 2.6% on cash and cash equivalents.

Operating leases

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

Where the leased items are not in use, the operating lease payments will be treated as a prepayment until the items are being used to derive income. These prepayments are released to the forecast statement of comprehensive income on a straight line basis over the period of the remaining operating lease term.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Investments

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

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

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

Property, plant and equipment

Property, plant and equipment asset classes consist of office equipment, furniture and fittings and leasehold improvements.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Independent Police Conduct Authority and the cost of the item can be measured reliably.

Cost includes consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the forecast statement of comprehensive income.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Independent Police Conduct Authority and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the forecast statement of comprehensive income as they are incurred.

Depreciation

Depreciation is calculated on a diminishing value basis on property, plant and equipment once in the location and condition necessary for its intended use so as to write off the cost or valuation of the property, plant and equipment over their expected useful life to its estimated residual value.

The following estimated rates are used in the calculation of depreciation:

Office equipment	25.0% DV
Furniture & fittings	25.0% DV
Leasehold improvements	25.0% DV

Intangible assets

Software acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Independent Police Conduct Authorities website are recognised as an expense when incurred.

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

Amortisation

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

The following amortisation rate is used in the calculation of amortisation:

Software	25.0% DV
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Impairment

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

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

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

Financial liabilities

Creditors and other payables

Creditors and other payables, comprising trade creditors and other accounts payable, are recognised when the Independent Police Conduct Authority becomes obliged to make future payments resulting from the purchase of goods and services.

Employee entitlements

Short-term employee entitlements

Provisions made in respect of employee benefits expected to be settled within 12 months of reporting date, are measured at the best estimate of the consideration required to settle the obligation using the current remuneration rate expected.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date.

The Independent Police Conduct Authority recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Defined contribution schemes

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Independent Police Conduct Authority is a public authority and consequently is exempt from the payment of income tax. Accordingly no charge for income tax has been provided for.

Cash flow statement

The Cash Flow Statement is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive income.

Definitions of the terms used in the cash flow statement are:

“Cash” includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the entity as part of its day to day cash management.

“Investing activities” are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

“Financing activities” are those activities relating to changes in equity of the entity.

“Operating activities” include all transactions and other events that are not investing or financing activities.

Annex 3: Critical judgments in applying the Authority's accounting policies

In the application of New Zealand Public Benefit Entity (NZ PBE) International Public Sector Accounting Standards (IPSAS), management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IPSAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

These forecast financial statements are based on IPCA 2016 results and have been prepared on the basis of assumptions as to future events that IPCA expects to reasonably occur, associated with the actions it reasonably expects to take.

The main assumptions are as follows:

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

There are no significant events or changes that would have a material impact on IPCA's 2017 forecast.



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