

# Annual Report and Accounts

For the year ended  
31 March 2014

Together with the Certificate  
and Report of the Comptroller  
and Auditor General for  
Northern Ireland

## **ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014**

*Together with the Certificate and Report of the  
Comptroller and Auditor General for Northern Ireland*

The Annual Report is laid before the Northern Ireland Assembly by the Department of Justice in accordance with section 61(5)(a) of the Police (Northern Ireland) Act 1998. The Statement of Accounts together with the report of the Comptroller and Auditor General for Northern Ireland are laid before the Assembly in accordance with paragraph 12(2) Schedule 3 to that Act as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

on 30 June 2014

## Glossary of Abbreviations

C&AG	Comptroller and Auditor General
CARE	Career Average Related Earnings
CCTV	Closed Circuit Television
CETV	Cash Equivalent Transfer Value
CHS	Case Handling System
CJI	Criminal Justice Inspection Northern Ireland
CPI	Consumer Prices Index
CSP	Civil Service Pensions
DFP	Department of Finance and Personnel
DOJ	Department of Justice
FReM	Financial Reporting Manual
FSNI	Forensic Science Northern Ireland
FTE	Full Time Equivalent
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard
MOU	Memorandum of Understanding
MSFM	Management Statement and Financial Memorandum
NDPB	Non Departmental Public Body
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NIPB	Northern Ireland Policing Board
NIPSA	Northern Ireland Public Service Alliance
OCI	Other Comprehensive Income
PACE	Police and Criminal Evidence Act
PCSPS(NI)	Principal Civil Service Pension Scheme(Northern Ireland)
PIN	Personal Information Notice
PSIAS	Public Sector Internal Audit Standards
PSNI	Police Service of Northern Ireland
RIPA	Regulation of Investigatory Powers Act
RPI	Retail Prices Index
SCS	Senior Civil Service
SMT	Senior Management Team
VAT	Value Added Tax

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## Foreword by the Police Ombudsman

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### Welcome to the Annual Report of the Police Ombudsman 2013/14.

The creation of a strong, independent and quality investigative police complaints body was and remains a central component of police reform in Northern Ireland. The police have a wide range of powers including those to take away a person's liberty and the right to use reasonable force in the pursuit of their objectives. The thousands of interactions they have with the general public have a significant impact on confidence in policing and the generation of consent in the police and that work that they do – the critical component required in making policing work. These issues have been brought into sharp focus in the last year with a significant increase in incidents of public disorder.

The Business Plan for 2013/14 set out three core service objectives for the Office with an emphasis on the implementation of a new approach to investigation and a greater professionalism in how we interact with those who engage with us. Achieving excellence in investigations was the thread running through all the work that we do.

This report sets out the progress made across each of the objectives and provides an overview of the range, nature and type of complaints that come to the Office and the ways in which we deal with them. In overall terms I am pleased to say that public confidence in the Office remains at a high level, although it can never be taken for granted.

We have taken the opportunity to reflect on the work of the Office and what we want to achieve. In discussions with staff and key stakeholders we have re-affirmed the core values of the Office in independence, quality and the need for an organisation that people are proud to work in. It is inevitable that the arrival of a new Police Ombudsman and Chief Executive to the Office would create a

dynamic for change.

The Chief Executive and the Senior Management Team have initiated a series of organisational changes designed to improve operational performance within the Office including performance management, quality assurance arrangements, case work management and case reporting.

Staff and many stakeholders have responded with enthusiasm to this discussion and we have seen tangible benefits across the organisation including the removal of unnecessary bureaucracy in undertaking investigations. The overall objective is to ensure that the Office is positioned to meet the challenges of change in the coming years. This is particularly important given the uncertainty which exists around levels of public expenditure. The Office has, in line with all public sector bodies, had to deal with reductions in its budget. We will need to continue to monitor carefully the impact this is having on quality of service provision.

### Dealing with complaints against the Police

In relation to contemporary policing the work of the Current Directorate comprises a very wide range of complaints from minor incivility to deaths of members of the public where the conduct of a police officer may have directly or indirectly been a causal factor. The overall number of complaints to the Office in 2013/14 was 3,734, an increase of 14% since last year. This represents the highest number of complaints to the Office since it was established. We conducted 37 investigations into matters referred to us by the Chief Constable. I also initiated 10 investigations into police related incidents and issues which I thought should be the subject of independent investigations. I issued 33 public statements so that people would have a greater understanding of the breadth and quality of our work. You will find some of those statements quoted elsewhere in this report.

The Current Directorate undertakes investigations into post 1998 high profile grave or exceptional cases which are often (but not always) troubles related. There has also been an increase in this area of work. These cases include some of the most serious allegations that can be made against any police service.

The increase in complaints confirms the need for a strong independent police complaints body; as necessary in 2014 as it was when the Office was created.

There has been some debate during the year on what the Office can and cannot investigate. A particular area of concern has been the responsibilities of the Office in relation to misconduct and criminality regarding covert policing. My view is that there should be no area of policing that is out with the remit of the Office to ensure effective and robust accountability.

While this may mean at times uncomfortable questions are being asked, it is in everyone's interest that the public can have confidence in the accountability arrangements and that civilian oversight remains a cornerstone of police accountability in Northern Ireland.

### Dealing with the Past

The Office also has a responsibility for the investigation into pre -1998 grave or exceptional cases and deals with some of the most sensitive and difficult cases arising out of the "Troubles". The "history" work of the Office remains a contested terrain. In July 2013 I published my report on an historical matter; the "Good Samaritan" bombing in Derry / Londonderry in 1988. Whilst the report clearly states that the responsibility for the bomb rested with those who planted it and notes the difficult policing context in the area at the time, I concluded that the police could and should have done more to protect the residents of the area. This did not happen and

the bomb exploded killing two people while a third person died later. In response to this the PSNI established a Threats to Life policy working group which included the NIPB's Human Rights Advisor. Following this a revised service procedure was agreed in March 2014 for issue to all PSNI officers in relation to how to provide an appropriate operational response to real and immediate threats to life which have been objectively verified.

In line with the re-launch of the history work, the History Directorate completed a range of investigations over the course of the year and publication of this work will be ongoing subject to any judicial direction.

The work of the History Directorate has been and will continue to be a source of controversy and dispute. The absence of a wider political settlement around dealing with the past means that the Office will continue to undertake this work as it is required to do in an independent and robust manner.

As Police Ombudsman I have made a conscious effort to meet with families and their representatives over the course of the year. I am committed to providing to families an independent and objective assessment and they can expect and should receive the results of a robust investigation free from interference from all sides. What I cannot promise is that they will agree with the results or indeed meet their full expectations about what an investigation will deliver. All investigations are evidence based.

### Working with others to improve policing

The work of the Office does not exist in isolation and we have been working with the police in order ensure that the recommendations we make help to improve policing. We have also been working closely with other police oversight bodies, specifically the Northern Ireland Policing Board, Criminal Justice Inspectorate for Northern Ireland and HM Inspector of

Constabulary to see how we can work together where it is appropriate to do so. The overall goal is a shared one around the improvement in policing performance.

It is extremely important for the Office to listen to the views of the public and the police about the service we provide. We regularly meet organisations and groups across the community to explain in detail how we work and to listen to any issues of concern they may have. Last year we held more than 90 such meetings. I am also pleased at the continued number of overseas visitors to the Office who seek to understand the work we do and the conditions for independent civilian oversight.

One of the biggest issues raised with us, and indeed one of the biggest challenges faced by the community were complaints arising from incidents connected to the ongoing flag protests and public disorder. Those protests started in late December 2012 and continued on into the year in question. The year also saw increased tensions and unrest during the summer. Overall, during this extended period the Office received 280 complaints arising from parades and demonstrations, at least half of which related to the flag protests.

I would also highlight the work we have been doing in order to improve information on and access to the police complaints system by young people. Some young people have regular contact with the police yet we recognise the number of complaints to the Office is relatively small. We want to ensure there are no information gaps or access issues which are discouraging young people to contact the Office should they need to do so.

Last year we became one of two organisations which must be studied in depth for the GCSE 'Learning for Life and Work' examination. Eight thousand young people study this subject each year and hopefully

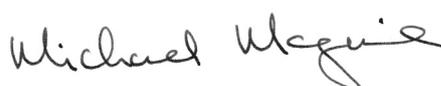
they will not only learn more about the police complaints system, but inform their friends about it too. We are also mindful of those young people who are difficult to reach through conventional means and during the year we established a Youth Advisory Group, which includes people who work in this sector, to help us achieve this. While we have made progress there is more work to do in this area.

### Focus on core business

In a recent presentation to the Northern Ireland Policing Board Conference on policing Dr Maurice Hayes, the driving force behind the establishment of the Office, paid a very public tribute to the work being done in the Office and the important role it played in helping to ensure police accountability. In discussing accountability Dr Hayes stated "I am glad to see the Police Ombudsman's Office is back doing the job it should be doing".

The work undertaken by the Office of the Police Ombudsman is, extremely varied and is unique among police oversight bodies. Each area of work over the past year has seen a significant increase in the number of complaints coming to the Office. It is a testimony to the diligence and hard work of the staff within the Office that we have been able to deal with the increase in the volume of cases. I would like to thank the Chief Executive, Senior Management Team and staff within the organisation for all their hard work in making the 'day job' happen.

This Annual Report sets out very clearly the importance of our work job and how it has been delivered over the past year.



**Dr Michael Maguire**  
**Police Ombudsman for Northern Ireland**

## Report of the Chief Executive

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### Introduction

I am pleased to report on the business and performance of the Office over the past year.

This report is supplemented by a statistical bulletin which can also be found on our website and which provides a range of data. Throughout this report I have made reference to the key statistics and information which inform my review of the year.

Throughout this report you will find case studies of the work we undertook during the year. The examples cover a variety of different cases and outcomes. I hope you find them interesting and informative.

Once again, throughout the year, I have been hugely impressed by the work of the Office and in particular the commitment and enthusiasm of the staff.

Of course that is not to say that we get everything right; we are working hard on everything we do in order to deliver excellence in all of our work.

In last year's report I reflected on the challenge of our work on historical matters. Those challenges remain and we await any ultimate outcomes of recent discussions on dealing with the past including Troubles related deaths. In the meantime we continue to investigate those matters brought to us by complainants or referred to us by the police.

During the year the work of the Office in respect of contemporary policing has also brought into sharp focus the challenges of police oversight in 2014.

It was a busy time for the Office as we received 14% more complaints than in the previous year. At one stage, in July, the level of complaints had increased by 50% on the complaints in July 2012.

This meant that the Office received over 3,700 complaints – the highest number since the Office was established. The complaints included over 6,000 allegations against the police (a complaint may

include one or more allegation).

During the year, the Office received 37 referrals from the Chief Constable.

The Office closed over 3,400 complaints during the year, an increase of 6% on 2012/13.

Analysis of complaints reflects that 'failure in duty' continues to account for the greatest number of allegations (37%) followed by 'oppressive behaviour' (33%) and 'incivility' (9%).

Those complaints which alleged 'oppressive behaviour' had increased more than any other during the year, (by 29%) while the number of allegations about a 'failure in duty' had increased by 13%. In the complaints we received, the most common main underlying factor was recorded as being 'arrest.'

We continued to work with the police and the public to understand the reasons for these increases. There could be many factors at play. We know that the police forwarded substantially more complaints to us during the year than they did in the previous year.

The Office also dealt with complaints arising from incidents connected to the ongoing flag protests and public disorder. Those protests started in late December 2012 and continued on into the year in question. The year also saw increased tensions and unrest during the summer. Overall, during this extended period the Office received 280 complaints arising from parades and demonstrations, at least half of which related to the flag protests.

We responded to these events by establishing a small, dedicated team which viewed hundreds of hours of CCTV footage. Whilst in most cases the Police were found to have acted appropriately in the face of often significant and sustained disorder, a number of complaints were substantiated.

Overall the Office made 250 recommendations to the Chief Constable/Chief Officer that action should be taken in respect of conduct by police officers and/or staff. Some officers were subject of more than one recommendation. The vast majority of those recommendations were accepted by the Chief Constable. The Office made 11 recommendations to PPS that officers/staff should be prosecuted for criminal matters.

#### Case Study

### NO MISCONDUCT AFTER MAN TOLD IT WOULD BE 'FINANCIALLY BENEFICIAL' TO INFORM

A Police Ombudsman investigation has found no evidence of misconduct by police after a man complained that he had been offered money to provide information about Republican activity.

The man said that as he went to leave a police station, having gone there in relation to a traffic accident, two people in plain clothes had shown him to a side room. They then told him it would be "financially beneficial" for him if he provided information in relation to Republican activity.

The man refused to provide any information and later complained that he was being harassed by police as he had been stopped twice, and perhaps three times, in the previous two years.

The Police Ombudsman's investigation concluded that police had a right under the Justice and Security Act to stop and search people if they considered it appropriate, but must provide a copy of a search record. As they had done so, the investigation found no evidence of police misconduct in the way the man had been stopped. The investigation also concluded that there was no misconduct in police offering a financial incentive in return for any assistance the complainant could provide.

In almost 20% of cases which were fully investigated during the year, the Office found policing issues of concern. During the year we also developed further guidance for our investigators to assist in decision making with a particular focus on the how we decide on the 'balance of probabilities' whether something has happened or not.

In addition, we saw an increase in the proportion of recommendations after cases were closed due to the complainant failing to co-operate with our investigation; this accounted for 29% of recommendations during the year. Work was undertaken and will continue during 2014/15 to understand and address the reason for the increase in 'non co-operation'.

The Office surveys complainants in seeking comment on how they view the service. Overall satisfaction levels have fallen slightly to 50% being satisfied or very satisfied with the service. We are working hard to understand the reasons for this fall in satisfaction.

The Office commissions an annual independent survey of public awareness of the complaints system. Overall awareness of the Office amongst the population of Northern Ireland remains high and the majority of those who are aware of the Office are confident that the Ombudsman deals with complaints in an impartial way (75%); in addition, 84% of respondents thought they would be treated fairly by the Ombudsman if they made a complaint.

During the year we made significant progress on the public reporting of our investigations. Numerous press releases and entries on social media contributed to our efforts to bring our work into the public domain in a way which reflects both good policing and where lessons can be learnt.

A YouTube channel was launched and a number of videos posted on the channel and our website. The Office now has a Facebook page and our Twitter feed passed the 1000 follower landmark during the year.

We have also developed the work we do with schools with the Office being studied at GCSE level and developing a range of resources explaining the police complaints system. We are developing further work with regard to young people and have established a multi-agency group to support our work in this important area.

The quality of our investigations is at the heart of what we do. During the last year we put in place new systems to better record and handle complaints about the service we provide. We see complaints as an opportunity to improve our serve and deliver better outcomes.

During the year we received 77 complaints about the service we provided. Of those, the vast majority were about the outcome of the investigation and were, in the main from members of the public (73) with a small number from police officers.

Five of the complaints were upheld and a number of investigations were reopened. Some of the complaints also prompted us to reflect on how we investigate matters and how some complaints are closed and at what stage. The work remains in progress as we review the working of the Office.

We are acutely aware of the impact our investigations have on complainants and police officers and seek to undertake all of our investigations in a timely way. We completed 77% of our investigations (where the matter was not grave or exceptional) within 110 days. We will be sharpening our focus on the timelines of our investigations and will review this performance next year.

During the year staff received a number of letters of appreciation. It is always gratifying for staff to receive thanks for the work they do and is a testament to the commitment and determination of our staff to deliver high standards of service. We also received feedback on how we could have done

### Case Study

## OFFICERS DISCIPLINED FOR CONDUCTING BREATH TEST WHILE OUT OF UNIFORM

Two police officers have been disciplined after conducting a breathalyser test on a driver while they were off duty and not in police uniform.

The driver made a complaint to the Police Ombudsman's Office that the officers could have stopped him earlier than they did, rather than waiting until he arrived at his place of work where they questioned him and carried out the breath test.

The officers told Police Ombudsman investigators they were conscious they were not in uniform, but wanted to save the driver the embarrassment of uniformed officers carrying out the procedure outside his place of work.

The Police Ombudsman found that the officers had acted correctly in not stopping the driver while driving an unmarked car, and had followed correct procedure by requesting the assistance of uniformed officers. However, by conducting the breath test while not in uniform, the officers had rendered the test unlawful.

better - we use this information to review how we investigate complaints.

During the year a number of police officers provided information to us regarding colleagues who they considered had breached the high standards expected of police officers and staff working for PSNI. To act with such selflessness is never easy and I want to thank those officers for their fortitude and willingness to step forward and do the right thing.

The remaining sections of my report include further information in relation to the performance of the Office over the year to 31 March 2014.

## Statutory Duties and Background

The Police Ombudsman for Northern Ireland was established under the Police (Northern Ireland) Act 1998. The Office was established on 6 November 2000 by virtue of the Police (Northern Ireland) Act 1998 (Commencement) Order (Northern Ireland) 2000.

The Office is an executive Non Departmental Public Body (NDPB) of the Department of Justice (DOJ).

The Office is not governed by a Board, but is headed by a Police Ombudsman as a Corporation Sole who is appointed by Royal Warrant and normally serves for a period of seven years. The Office of the Police Ombudsman is constituted and operates independently of the Department of Justice, the Northern Ireland Policing Board and the Police Service of Northern Ireland. The Office is accountable to the Northern Ireland Assembly and is required to have regard to any guidance given by the Department of Justice.

### Case Study

#### OFFICER RIGHT TO USE TASER AS MAN THREATENED MOTHER AND SISTER

An officer was justified in using Taser against a man who was using a knife to threaten his sister and mother during an incident in January 2013.

Police responding to a call about the incident found the man with the knife in a room with his sister and mother, who were in a distressed state. Officers identified themselves to the man, told him they were armed and asked him to drop the knife.

The man refused to do so and turned towards the women. One of the officers then discharged his Taser and the man dropped the knife.

The Police Ombudsman found that the use of Taser had been lawful, proportionate and necessary.

The Office complies with the corporate governance and accountability framework arrangements (including *Managing Public Money Northern Ireland*) issued by the Department of Finance and Personnel (DFP) and DOJ.

## Principal Activities

The Office of the Police Ombudsman for Northern Ireland provides an independent, impartial police complaints system for the people and the police of Northern Ireland.

It investigates complaints against the Police Service of Northern Ireland, the Belfast Harbour Police, the Larne Harbour Police, the Belfast International Airport Police and Ministry of Defence Police in Northern Ireland.

The Police Ombudsman investigates complaints about the conduct of police officers and, where appropriate, makes recommendations in respect of criminal, disciplinary and misconduct matters.

The Police Ombudsman also investigates matters of public interest and all grave or exceptional matters referred to him and reports as appropriate. In addition, the Police Ombudsman publishes reports and makes policy recommendations aimed at improving policing within Northern Ireland. He also provides statistical reports for management purposes to the Police Service of Northern Ireland and to the Northern Ireland Policing Board and provides management information to the Department of Justice.

## Strategic Context

The Key Strategic Aims of the Office which are framed by the Police (Northern Ireland) Act 1998 are to secure an effective, efficient and independent police complaints system which is capable of securing the confidence of the public and police in that system. The key features of legislation are detailed below.

### THE POLICE OMBUDSMAN FOR NORTHERN IRELAND IS:

- established by the Police (NI) Act 1998;
- accountable to the Northern Ireland Assembly;
- constituted and operated independently of the Northern Ireland Policing Board (NIPB) and the Chief Constable;
- required to have regard to any guidance given by the Department of Justice;
- an executive Non-Departmental Public Body financed by a Grant in Aid from the Department of Justice (DOJ).

### THE POLICE (NI) ACT 1998 DIRECTS THE POLICE OMBUDSMAN TO:

- exercise his powers in the way he thinks best calculated to secure
  - the efficiency, effectiveness and independence of the police complaints system;
  - the confidence of the public and of members of the police force in that system;
- observe all requirements as to confidentiality;
- receive complaints and other referred matters and to decide how to deal with them;
- investigate complaints, referred matters and matters called in for investigation by the Police Ombudsman;
- receive and record policy complaints and refer them to the Chief Constable;
- make recommendations to the Director of Public Prosecutions for criminal prosecution;
- make recommendations and directions in respect of disciplinary action against police officers;
- notify the DOJ, NIPB and Chief Constable of the outcome of certain complaints, referred matters and any investigation which the Ombudsman initiates without a complaint;
- report to the DOJ annually.

### THE POLICE (NI) ACT 2000 DIRECTS THE POLICE OMBUDSMAN TO:

- carry out inquiries as directed by the DOJ;
- supply statistical information to the NIPB.

### THE POLICE (NI) ACT 2003 DIRECTS THE POLICE OMBUDSMAN TO:

- investigate a current practice or policy of the police if
  - the practice or policy comes to his attention under the Act; and
  - he has reason to believe that it would be in the public interest to investigate the practice or policy.

#### Case Study

#### 999 CALL HANDLING FAILURE DID NOT CONTRIBUTE TO DEATH

A failure by a police call handler to pass on all relevant information from a 999 call did not contribute to a man's death, a Police Ombudsman investigation found.

The body of the deceased was found in his flat two days after a 999 call was made to report an assault in the street. The caller – subsequently established to have been one of three men involved in the killing – referred in the 999 call to a specific location.

However, when asking police patrols to check the area, the call handler failed to mention the specific location mentioned by the caller. Instead, he instructed them to check the area around the phone box used to make the call, which was nearby.

The Police Ombudsman's investigation found that two police patrols had in fact checked the specific location while responding to the call, and a third patrol had also checked the street while responding to a report of a separate assault less than 20 minutes later.

The call handler was disciplined for failing to pass on all relevant information, but the Police Ombudsman concluded that there was no evidence that the failure to mention the specific location contributed to the man's death.

## Annual Business Planning 2013/14

The vision, mission, strategic goals, objectives, indicators and targets for the year 2013/14 were set by the Police Ombudsman in conjunction with the Senior Management Team.

The Office established three Priorities for the 2013/14 financial year and monitored progress against them throughout the year.

Progress in relation to 2013/14 targets was reviewed quarterly and steps were taken throughout the year both to maintain performance and to focus effort on those targets requiring attention. Quarterly reports were provided to the Department of Justice Accounting Officer through the Sponsor Division, Policing Policy and Strategy Division.

The following section reflects on the performance of the Office against each Priority. Further information in relation to KPI's is provided in Table 1 on page 25.

The 2014/15 Annual Business Plan has been agreed and will be made available on the Office website at [www.policeombudsman.org](http://www.policeombudsman.org).

### Priority 1

#### To achieve excellence in the management of 'current' investigations

The past year was a challenging one for the Office with regard to contemporary work.

During the year the post of Director of Current Investigations became vacant and a new Director was appointed, taking up post in March 2014. The appointment has brought renewed energy and focus to the work of the Directorate. The challenges throughout the year meant that some of the specific

aims for the year were not met. Those aspirations remain relevant and have formed the basis of our objectives for 2014/15 and beyond.

The police faced significant pressures throughout the year in respect of ongoing public order and pockets of civil unrest. These events began in December 2012 and extended into the reporting year in question. Overall, the Office received 280 complaints arising from parades and demonstrations, at least half of which related to the flag protests. Many of these complaints required the viewing of video footage and interviewing of witnesses and police officers. The investigations were carried out by a small dedicated team who were able to bring consistency and perspective to the investigations.

In addition, through the summer months and beyond, the Office experienced a substantial increase in the number of complaints received. Whilst the rate of increase reduced later in the year, the unexpected rise in complaints placed significant pressure on the Directorate. Overall the Office received over 3,700 complaints, an increase of 14% on the previous year and the highest number of complaints received since the Office was established.

Despite these not inconsiderable pressures, the Office closed over 3,400 complaints during the year including reporting on a number of high profile investigations.

Twenty six 'Regulation 20' reports were submitted to the Chief Constable, Policing Board and Department of Justice. Some of those reports were accompanied by press statements where the Ombudsman considered it in the public interest for his findings to be made public. Overall the Office published information on more than 30 contemporary cases thereby providing the public with information on the findings, complexity and value of the work we do.

The Office continued to measure a range of factors with the aim of providing an overview of the performance of the Directorate;

- 3,734 new complaints were received, an increase of 14% on last year
- 3,452 complaints were closed, a slight increase of 6% on last year
- 91% of all appropriate matters reported to the Office were registered within 3 working days of receipt
- 91% of complaints received were actioned within 5 working days of receipt
- 77% of complaints (other than grave or exceptional matters) were dealt with within 110 working days
- 92% of complainants were contacted by the Investigating Officer within 3 working days of the complaint being allocated to that officer
- 89% of complainants updated every 6 weeks
- 85% of police officers updated every 6 weeks
- 50% of complainants satisfied with the service they received
- 65% of complainants willing to use the service again
- 67% of police officers satisfied with the service provided

We are very conscious that satisfaction levels with our service have declined over time and we are taking steps to address those issues.

We will continue to strive to deliver excellent and timely investigations and high standards of service with the ultimate aim of achieving high satisfaction rates for both complainants and police officers.

**DID YOU KNOW** Eleven members of Police Ombudsman staff received certificates to mark outstanding achievements over the past year. They were nominated by colleagues.

## Priority 2

### To achieve excellence in the investigation of historical cases

The Office has faced a significant challenge in respect of 'historic' investigations over recent years. The framework to deliver against demanding targets was brought under legitimate scrutiny by the Criminal Justice Inspection for Northern Ireland (CJINI) with the result that historic investigations were suspended whilst a number of strategic issues were resolved.

The Department of Justice (DOJ) granted funding to the Police Ombudsman for an enlarged Historic Investigations Team in March 2012, to enable him to deal with his historic caseload, concerned with police conduct in relation to deaths in Northern Ireland attributable to the 'Troubles'. The funding was used to expand the resources conducting historic investigations from thirteen to thirty-eight staff, many of whom are highly experienced former detectives from outside Northern Ireland.

The number of historic cases received by the Office has increased in recent years. Since March 2012 the caseload has increased by 43%. The Police Ombudsman has therefore returned to the DOJ for additional funding so as to ensure these matters are investigated within the original timeframe agreed for the project.

Since accepting a recommendation by the Criminal Justice Inspectorate for Northern Ireland to commence historic investigations in January 2013, following the period during which the inquiries were suspended, the Ombudsman's Historic Investigations Directorate has completed eight investigations with a further four nearing completion.

Significant progress has also been made in the investigation of four 'complex' cases, each involving a series of deaths which may be linked, which it is anticipated will be concluded during 2014/15. Collectively, these investigations will have examined the circumstances of nearly eighty deaths and alleged associated serious crime during the 'Troubles'.

The work of the History Directorate is underpinned by acknowledged best practice with a significant focus placed on keeping families and other interested parties informed of the progress of cases.

During the past year the Historic Investigations Directorate also launched a client feedback initiative, designed to capture the views of service users throughout the process, from our initial engagement through to delivery of reports. This provides victims and survivors engaged with the Police Ombudsman's Office with the opportunity to periodically reflect their experiences with the organisation, enabling prompt improvement or enhancement of the service.

The feedback the Office has received so far indicates that our practice in this important area is resulting in an excellent service.

### Priority 3

#### **Provide information that enhances confidence in the Office and the police complaints system**

It is important for the Office to maintain high levels of public awareness as well as public confidence in its work.

Integral to maintaining public confidence is the implementation of an effective communication strategy which promotes the work of the Office not only to the public but also to our key stakeholders

and the police; 2013/14 saw a renewed focus on this important aspect of our work. Of particular note is that:

The Office introduced a YouTube Channel and commissioned the development of a new website that will 'go live' early in 2014/15.

The Office published a range of reports on a variety of cases and posted a number of synopses on Facebook and via Twitter.

In addition, a range of statistical information was provided to stakeholders and published on the website. During the year we began a review of the information we collate and provide; we will continue to talk to those who are interested in our work about what information they would find useful and how they would like to see information presented.

The Office continued to talk to community representatives and groups about the work of the Office with over 90 meetings held with key stakeholders and within the wider community.

We also renewed our efforts to engage with young people and established an advisory board to help us take this work forward. The board met twice during the year and has already helped us develop new ways of seeking to engage with young people and particularly those who come into contact with the police.

The impact of the Office and how it contributes to improvements in policing is critical. During the year we have worked with the Policing Board and PSNI to find better ways of identifying the impact of the work we do on policing. This is not easy and will require genuine commitment from all involved over the coming year to deliver a worthwhile and meaningful outcome. We are committed to doing so.

## Executive Management Executive Management

The Police Ombudsman for Northern Ireland is supported by me as Chief Executive and a Senior Management Team. The executive management structure is as follows:

Dr M Maguire	Police Ombudsman
Mr A McAllister	Chief Executive
Mr P Holmes	Director of Investigation
Mr B Doherty	Director of Investigation
Mrs O Laird	Director of Corporate Services
Mr T Gracey	Director of Information
Mr S McIlroy	Director of Legal Services

P O'Sullivan, former Director of Investigation left post on 3 January 2014.

A McShane acted as Director of Investigation from 4 December 2013 until 2 March 2014.

B Doherty was appointed as Director of Investigation and took up position on 3 March 2014.

The post of Director of Research and Performance was suppressed and G Mullan, former Director of Research and Performance left the Office on 31 January 2014. Information in respect of the compensation in respect of this redundancy is included in the Remuneration Report.

## Budget and resources

During the course of the financial year, the Office continued to demonstrate sound financial management of the resources made available to it. The Office received an initial revenue budget of £9,248k and an additional capital budget of £100k. During the course of the year the Office eased £188k of revenue resource to the Department in exchange for an increase in the capital budget allocation. In addition to this the Office was successful in obtaining further additional capital of £245k to bring the total capital budget for 2013/14 to £533k.

This increase in capital budget enabled the Office to upgrade its website, upgrade its server technology and refresh other IT infrastructure within the Office.

## Public Attitudes towards the Office

As part of our programme of research, we conduct annual surveys of public awareness of the police complaints system. Results from the 2014 survey indicate that a high proportion of respondents were aware of the Police Ombudsman (84%). Of those who had heard of the Police Ombudsman, the majority (80%) thought that the Office was independent of the police.

In the 2014 survey the majority of those respondents who had heard of the Police Ombudsman were either fairly confident or very confident that complaints are dealt with in an impartial way (75%). In addition, most respondents (81%) believed that the Police Ombudsman would help ensure that police in Northern Ireland do a good job.

## Complainant Satisfaction

The Office also conducts surveys for the purpose of ascertaining complainant satisfaction with the service provided. Overall complainant satisfaction levels have fallen from 65% in 2009/10 to 50% in 2013/14.

## Police Officer Satisfaction

The Police Officer Satisfaction Survey enables police officers who were subject to investigation by the Police Ombudsman's Office to express their views on the service provided by the Office. Overall police officer satisfaction with the service of the Office remains high at 67%.

**DID YOU KNOW** The Police Ombudsman's Office regularly hosts visits by international delegations keen to learn about the police complaints system in Northern Ireland. During the year we had visitors from the Lebanon, from Kosovo, Macedonia and Australia.

### Equality Monitoring

It is important that the Office continues to monitor the profile of those who use its services. This is based on age, gender, religious belief, race or ethnic grouping, country of birth, marital status, disability, employment, having dependants, political opinion and sexual orientation. Over two thirds of complainants are male and 27% female. Twenty percent of our complaints were received from people aged 25 and under. The breakdown of the religious belief of complainants is reflective of the most recent census. There continues to be a high proportion of complainants with self-reported disability (31%).

A detailed breakdown of statistics relating to equality monitoring, as well as complainant/police officer satisfaction levels and public attitudes towards the Office can be found on the Police Ombudsman's website.

### People

The key resource within the Office is the people it employs and this is the largest area of expenditure by the Office. The Office is resourced mainly by directly recruited staff, but also by a number of staff seconded from police services in England and Wales and Civil Service organisations.

“

*The office was very fair and impartial; I was satisfied with everything done for me.*

**Complainant**

Expenditure on staff was £6,738k in the financial year (£6,205k for 2012/13). An average full time equivalent (FTE) of 151 staff were employed across the year (146 in the year to 31 March 2013). The overall growth in average FTE staff is as a result of the recruitment to an enlarged Historic team. However, it is of note, that during the year to the end of March 2014, the Office continued to carry a number of vacancies in anticipation of future pressures on budgets. Further information in respect of staff costs can be found on pages 54 to 55 in note 4 of the Notes to the Accounts.

Figure 1 Average FTE Staff in Post by Financial Year



### Training and Development

Learning and organisational development is an important component within the Office's business strategy and we remain committed to maintaining a strong and effective learning culture whereby staff constantly and consistently seek to bring quality and excellence in the service we provide.

The 2013/14 financial year has seen another successful year for learning and development with the focus on continuous professional development in the following areas; *'Legislation'*, *'Investigative Practice and Reporting'* and *'Corporate Development'* as an important feature. Key learning and development activities delivered included; PACE, Valentines Resource, RIPA, Investigative Report Writing, Exhibit Handling, Policy/Decision Log, Internet/Open Source, Investigative Interviewing, DNA17, Intelligence Development, Media Development, Conflict of Interest, Security of Information, Fire Safety Awareness and development associated with IT Software Upgrades.

A significant achievement for the Office was the development and delivery of an accredited learning and development programme for Senior Investigation Officers which is seen as a noteworthy accomplishment for professional development within police oversight.

During the course of the financial year there were 1,411 learning and development interventions delivered.

### Sickness Absence

For the year ended 31 March 2014 the Office set a target not to exceed a sickness absence rate of 4%. The rate of sickness absence for the year ended 31 March 2014 was 4.07% which is just above the target rate set. This represents an increase in the level of sickness absence in the Office from the 2.75% rate during the year to 31 March 2013. This increase follows two successive years of reductions in sickness absence rates further to the implementation of a revised sickness absence policy in 2012. Managers in the Office are working closely with staff to ensure that sickness absence is closely managed and the target of 4% absence has been renewed for the year to 31 March 2015.

### Case Study

#### POLICE ACTED APPROPRIATELY AFTER REPORT OF MAN FOLLOWING SOCIAL WORKER

Police acted appropriately by issuing a personal information notice (PIN) to a man suspected of having driven in a potentially threatening way.

The driver complained that he had been issued with the PIN after being accused of following a social worker's car for several miles, having waited for the social worker to drive away from his workplace. The social worker, who knew the driver, said he had been so concerned for his safety that he called 999 and had been advised by police to drive directly to the nearest police station.

Police later concluded that while the driver's actions could be seen to be menacing and threatening, he had committed no criminal offence. However, officers decided that he needed to be made aware of the distress his actions had caused, and issued him with a PIN outlining their concerns.

The Police Ombudsman concluded that the use of the PIN – which did not involve a court order or a criminal record – was a proportionate response to an incident during which no offence had been committed, but which had nevertheless caused distress.

The most up to date level of sickness absence reported for the NICS was 4.9% for the year ended 31 March 2013.

**DID YOU KNOW** During the year, the Police Ombudsman’s Office released the findings from 17 cases exclusively to its Facebook followers. This material was not made available anywhere else.

### Disabled employees and equal opportunities

It is the policy of the Office to promote equality of opportunity. The Office provides equal opportunity for all job applicants and employees. All recruitment, promotion and training is based on a person’s ability and job performance and excludes any consideration of an applicant’s/employee’s religious beliefs, political opinion, sex, marital status or disability.

The Office submitted an annual report on its Equality Scheme to the Equality Commission within the required timescale. In addition, the Office submitted its annual monitoring return under the Fair Employment and Treatment (Northern Ireland) Order 1998.

The profile of staff at 1 January 2013 shows that 48.6% are male and 51.4% are female and that 47.9% are Protestant, 41.0% are Roman Catholic and 11.1% are non-determined.

The most recent Equality Commission Northern Ireland monitored workforce statistics for gender are 47.3% male, 52.7% female and for community background are 53.4% protestant and 46.6% Roman Catholic. The profile of staff in the Office is close to the NI monitored statistics for both gender and community background which demonstrates that the Office has a representative workforce.

“

*“I found them very friendly and profession at their job. Even if they couldn’t help.”*

**Complainant**

### Employee Consultation and Involvement

The Office recognises the importance of good industrial relations and is committed to effective employee communications. Trade Union representation is open to all employees and the Office has an established Joint Negotiating Consultative Committee with formal recognition of two staff unions, NIPSA and Unison.

### Health and Safety

The Office is committed to providing for staff and visitors an environment that is as far as possible safe and free from risk to health. A standing sub-committee on health and safety operates under the Joint Negotiating Consultative Committee.

### Social and Community Issues

The establishment of the Office in the context of Northern Ireland has been central to steps towards building confidence within and between communities in relation to an effective, efficient and accountable police service.

Many complaints arise in the context of a challenging operational policing environment and where perceptions can be polarised. We take the view that for this Office to continue to provide a service which meets the needs of the community, we must engage with the people we serve.

During the year we had meetings with more than 90 organisations and groups in the community to discuss a variety of non-case related issues about the service we provide. In the previous year we had begun to address concerns, which first surfaced during the flags protests, that some people did not fully understand the role of the Police Ombudsman’s Office. During the year in question we continued that work with community meetings in north and west Belfast.

The Police Ombudsman in his foreword referred to the fact that the Office is now one of two organisations which must be studied in depth by students taking the GCSE examination in 'Learning for Life and Work.' During the year our staff supported these students by providing them with short films which explained how the police complaints system works. They also visited schools in places such as Belfast, Omagh, Castlewellan and Dungannon to meet the students and explain at first-hand about their work.

The Police Ombudsman also visited each of the Police and Community District Partnerships in Belfast and the Foyle Partnership to discuss his strategy for the future of the police complaints system and to hear the views of those living and working in the community.

The Office will continue to further develop a proactive approach to engaging with communities and particularly young people.

### Assembly Questions

During the year the Office responded through the DOJ to 16 Assembly Questions. Ten of these questions related to the functions of the Office, and 6 were Department wide questions.

### Freedom of Information

Since the introduction of the Freedom of Information Act 2000 in 2005, members of the public, journalists and police officers have used this provision to obtain information. Over the year to 31 March 2014 there have been 105 specific requests for information. There were 4 Data Protection requests in the same period.

### Case Study

#### NEW POLICE PROCEDURES FOLLOWS CONCERNS ABOUT MISHANDLING OF MONEY

The PSNI has introduced new procedures for dealing with money seized during its investigations, following a complaint from a man whose house was searched for stolen goods.

The man claimed police had seized over £28,000 during the search, but the sum returned to him by police at the end of their enquiries – which resulted in no charges against him - had been over £3,000 short.

Enquiries by Police Ombudsman investigators showed that amounts of money had been found at several locations in the house, and these had all been placed in separate tamper proof bags. However, another officer who took possession of the bags took the money out and counted it as a single amount. This inhibited the police investigation as it was then impossible to show how much had come from each area of the house. The officer vehemently denied that the total amount was that claimed by the complainant.

The Police Ombudsman's investigation found that at the time of the incident, no internal guidance was available to police on how to count money seized in such circumstances. However, Dr Maguire concluded that the officer should have applied common sense and realised that counting the money as one defeated the purpose of it being bagged separately. He said the officer's approach ran contrary to the normal methods of evidence gathering and exposed him and colleagues to allegations of theft.

The officer has since been disciplined and new guidance has been introduced by the PSNI for the handling of seized money.

**DID YOU KNOW** During the year staff in the Police Ombudsman’s Office held more than 90 meetings with key stakeholders and others in the community to discuss different aspects of the police complaints system.

### Complaints against the Office

During the year we received 77 complaints about the service we provided: 73 from members of the public and 4 from police officers. These 77 complaints were in respect of 83 matters. Thirty of these matters were in respect of dissatisfaction with the investigation; 27 were regarding how the Office handled complaints (eg how they were closed or classified); 8 related to a failure to follow procedures; 7 arose from dissatisfaction with disciplinary actions; 5 were associated with the conduct of staff members; and 2 were about the length of time taken to complete investigations. Four complaints could not be progressed because of the lack of detail and in the absence of any co-operation from those making the complaints.

By the end of the year 42 complaints were closed and 35 remain under investigation. In respect of the 42 closed complaints (including the 4 complaints which could not be progressed): 29 cases were reviewed and it was deemed that no further action would be taken; 3 complaints were considered to be outside the remit of the Customer Complaints Policy; 1 case was informally resolved; and 5 cases were upheld.

Regarding the upheld cases, 1 case was re-opened and 4 apologies were issued. These apologies were

in respect of administrative errors; a factual error in correspondence; the tone of correspondence; and the failure to inform interested parties about the Office’s involvement in an investigation.

Arising from the administrative errors, the staff involved were issued with words of advice and a reminder was issued to staff involved in the complaints handling process in order to prevent a reoccurrence of the error.

Following appeals in 8 cases, a further 3 cases were re-opened; 4 appeals were not upheld and an appeal against the informal resolution of one Customer Complaint subsequently resulted in the informal resolution being affirmed.

Some of the complaints also prompted us to reflect on how we investigate matters and how some complaints are dealt with or closed and at what stage. The Customer Complaints process has also provided us with feedback on the working of the Informal Resolution process which the Office operates in conjunction with police.

Further information on our customer complaints policy is available on our website

[www.policeombudsman.org](http://www.policeombudsman.org).

### Working with other Police Oversight Bodies

Throughout the year there continued to be ongoing communications and dialogue with An Garda Síochána Ombudsman Commission, the Independent Police Complaints Commission in England and Wales and the Scottish Police Complaints Commission which has been replaced by the Police Investigations and Review Commissioner for Scotland which came into effect on 1 April 2013. We seek to work together in building strong accountable oversight mechanisms meeting the needs of our respective jurisdictions. In particular, the four bodies seek to identify opportunities to share learning and the

“

*“There is no area of policing which should be immune to public scrutiny,”*

**Dr Maurice Hayes at a Policing Board conference in Belfast in March 2014.**

“I was very dissatisfied with the way my complaint was handled by the ombudsman’s office.”

**Complainant**

Office has participated in a number of joint training events and continues to work to establish appropriate benchmarking information.

### Funding and Financial Accountability

The Office operates under a management framework governed by the Police (Northern Ireland) Act 1998 as amended by the Police (Northern Ireland) Acts 2000 and 2003. The Police Ombudsman is financed by a Grant-in-Aid from the DOJ. The allocation from which this funding comes is the DOJ Request for Resources A. The Permanent Secretary, who is the Principal Accounting Officer of the DOJ, designated me as Chief Executive and Accounting Officer for the Office of the Police Ombudsman for Northern Ireland.

### Expenditure and Accounts

The statutory authority to incur expenditure is Schedule 3, Paragraph 11 of the Police (Northern Ireland) Act 1998 and these accounts have been prepared in a form directed by the Permanent Secretary of the DOJ in accordance with Schedule 3, Paragraph 12 of the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland 1998 (Devolution of Policing and Justice Functions) Order 2010.

“Your whole process is not capable or designed to change the policy and strategy employed by law to control speeding, the whole purpose of my complaint. This process was irrelevant to my grievance.”

**Complainant**

**DID YOU KNOW** Staff in the Police Ombudsman’s Office raised £2,340 for the Multiple Sclerosis Society during the year.

### Financial Position as at 31 March 2014

The financial position at the end of the financial year is set out in the Statement of Comprehensive Net Expenditure and Statement of Financial Position on pages 42 and 43 respectively. The Office incurred net expenditure for the year of £9,502,913 (£8,864,673 for year ended 31 March 2013).

The Office draws cash resource from the sponsoring Department on the basis of need to pay and not as costs are accrued. Consequently, at the end of the financial year the Office had net current liabilities of £287,849 (£240,080 for year ended 31 March 2013). The Office continues to be funded through its sponsor Department and the financial statements have been prepared on a going concern basis.

### Remuneration and Pensions

Full details of the executive management remuneration and pension interests for the year ended 31 March 2014 are contained in the Remuneration Report on pages 26 to 31. Pensions are provided to staff through the Principal Civil Service Pension Scheme (Northern Ireland). Further details in respect of pensions can be found in the Remuneration Report and on pages 54 and 55 in Note 4 to the Accounts.

### Register of Interests

A register of interests is maintained within the Office of the Police Ombudsman for all members of the Senior Management team and Non Executive members of the Audit Committee. No interests were identified which may cause a conflict of interests with management responsibilities.

“The police ombudsman treated me fairly and with respect and I appreciated that a lot thank you.”

**Complainant**

### Risk Management and Register

Within the executive processes of the Office, there is an embedded corporate Risk Register in line with HM Treasury guidance.

The risk register is reviewed by Senior Management on a regular basis making the risk register a dynamic document. It is also included as a standing item on all SMT agendas. Directors consider signs or warning of risks, examine existing controls to reduce or manage risks and if necessary take additional action.

In addition the Audit Committee consider the Risk Register at each meeting quarterly meeting.

### Prompt Payments

The Office’s policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

The overall performance to pay within 10 working days for the year ended 31 March 2014 was 99.5% (98.7% for the year ended 31 March 2013). The overall performance to pay within 30 days for the year ended 31 March 2014 was 100% (100% for the year ended 31 March 2013).

### Data Handling

I am required to report personal data related incidents which occurred during the year ended 31 March 2014. Personal data includes any information that links one or more identifiable living person with information about them, the release of which

would put them at significant risk of harm or distress, or any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain. There were no such personal data related incidents during the year ended 31 March 2014 or in the previous years. Information risk is managed within the Office within the context of the risk management framework to which I refer in my Governance Statement.

### Environmental Matters

The Office, despite its small scale, is concerned to ensure that it minimises its environmental impact. The Office recycles paper, plastic, cardboard and cans, reducing by 50% the amount of waste that is disposed of to landfill. Additionally, in monitoring on a monthly basis the use of vehicles in business journeys, managers encourage sharing of cars. This contributes to reductions in emissions as well as efficient use of resources.

### Property Plant and Equipment

Assets are valued at cost, adjusted as appropriate to reflect current replacement costs. The leasehold interest in respect of leasehold improvements carried out to New Cathedral Buildings has been capitalised under land and buildings and valued on the basis of existing use value at £320,000 at 31 March 2014 (£420,000 at 31 March 2013). The open market value of the leasehold interest in New Cathedral Buildings has been valued at £nil at 31 March 2014 (£nil at 31 March 2013). Details of the movement of property plant and equipment are set out in Note 6 to the Accounts.

### Events after the Reporting Period

There have been no significant events since the end of the financial year which affects the financial statements.

“I was extremely satisfied with the service provided by the ombudsman’s office. I cannot from my experience highlight or find any areas that need improving.”

**Complainant**

### Future Developments

As noted above, the 2014/15 Annual Business Plan has been agreed and is available on the Office website at [www.policeombudsman.org](http://www.policeombudsman.org).

Over the past few years the Office has been faced with the challenge of finding savings within its budgets year on year. The further impending pressures on budgets in the years ahead will continue to be a significant challenge for the Office as it seeks to ensure it continues to deliver its statutory duty. The Office is currently having to plan for the implications of further decreases to resources within the core business of the Office set against the backdrop of the highest annual level of current complaints whilst also experiencing pressures in resources available for Historic work. The Office has business cases with the Department for additional resources in both these areas, the outcome of both are awaited.

### Auditors

The Financial Statements are audited by the Comptroller and Auditor General (C&AG) who heads the Northern Ireland Audit Office and is appointed by statute and reports to the Northern Ireland Assembly. His certificate and report are produced on pages 38 and 39.

As Accounting Officer I am required to ensure that all relevant audit information is provided to the auditors. I have taken all reasonable steps to make myself aware of any relevant audit information and

have ensured that all such information is available to the auditors. I also confirm that there is no relevant audit information about which I am aware that the auditors have not been informed about.

The audit fee for the work performed by the staff of the C&AG during the reporting period was £12,100 which relates solely to the audit of these financial statements. The audit fee for the year ended 31 March 2013 was £12,100.

The C&AG may also undertake other work that is not related to the audit of the Office of the Police Ombudsman’s Financial Statements, such as Value for Money reports. No such activity took place during the year.

### In Conclusion

Overall I consider that during a busy and demanding year, the Office has continued to go from strength to strength. We will continue to develop and learn and increasingly will show the impact of our work on contemporary policing.

Finally I place on record my thanks to the Executive Team who have worked unstintingly throughout the year and of course all of the staff in the Office who continue to take great pride in delivering what is a vitally important service to the people of Northern Ireland.



**Adrian McAllister**  
Chief Executive

13 June 2014

**Table 1 - Key Performance Indicators**

Service Commitment	Targets	Performance against targets 2013/14	Performance against targets 2012/13
<b>Level of complaints registered</b>	Resource and action all complaints and related allegations registered.	3,734 complaints – 14% increase on 2012/13	3,272 complaints – 2% decrease on 2011/12
		6,089 allegations – 15% increase on 2012/13	5,284 allegations – 12% decrease on 2011/12
<b>Responsiveness, prompt service and timely processes</b>	Register all appropriate matters reported to the Police Ombudsman within 3 working days of receipt.	91% achievement	91% achievement
	90% of all complaints to be actioned within 5 working days of receipt.	91% achievement	87% achievement
	85% of complaints investigated, other than grave or exceptional matters to be completed within 110 working days.	77% achievement	76% achievement
	85% of complainants to be updated every 6 weeks.	89% achievement	89% achievement
	85% of police officers subject to investigation to be updated every 6 weeks.	*85% achievement	**82% achievement
	90% of complaints, not subject of investigation or Informal Resolution, to be dealt with within 40 working days.	97% achievement	95% achievement
	90% of complainants to be contacted by the Investigating Officer within 3 working days of the complaint being allocated to that officer.	92% achievement	92% achievement
<b>Quality and effective investigations, levels of satisfaction and confidence in police complaints system</b>	To maintain a level of 80% public awareness of the Office.	84% achievement	84% achievement
	To maintain a level of 80% awareness of the independence of the Police Ombudsman.	80% achievement	84% achievement
	To maintain a level of 80% confidence that the Police Ombudsman for Northern Ireland deals with complaints in an impartial way.	75% achievement	76% achievement
	To maintain a level of 80% of respondents who think that that they would be treated fairly by the Office if they made a complaint against the police.	84% achievement	86% achievement
	To maintain a level of 60% of complainants being satisfied or very satisfied with service received.	50% achievement	52% achievement
	To maintain a level of at least 75% of complainants willing to use the service again.	65% achievement	63% achievement
	To maintain a level of at least 75% of police officers subject of investigation to be satisfied with the service provided by the Office.	67% achievement	73% achievement

\* Estimate based on a 16% sample of complaints closed between 1 April 2013 and 13 January 2014.

\*\* Extracted by a 15% sample of complaints closed between 1 April 2012 and 31 March 2013.

## Remuneration Report

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### Remuneration Report

The Police Ombudsman is remunerated in line with judicial salary scales. The Chief Executive and Directors of Investigations are remunerated as senior civil servants. The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

The remuneration of other members of the Senior Management Team within the Office is set within the Northern Ireland Civil Service (NICS) pay structures. The Office is not involved in NICS pay negotiations. Performance is appraised by line managers of achievement against agreed objectives and targets.

### Appointments

Appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

The Police Ombudsman is appointed for a maximum of seven years as provided within schedule 3 paragraph 1(4) of the Police (Northern Ireland) Act 1998. Dr M Maguire was appointed as Police Ombudsman on 16 July 2012.

Mr E Gaw and Mrs V Patterson were appointed on 1 April 2010 as Independent Non Executive Members of the Audit Committee within the Office. Their appointments were for an initial three year term to 31 March 2013 with an option for a further 2 years to 31 March 2015. In March 2013 this option to extend the appointment for 2 years was exercised for both Independent Non Executive Members. The Non Executive Audit Committee members are remunerated at a daily rate of £450 on the basis of time incurred on official business. From September 2013, Mr Gaw's work with the Office ceased to be in a remunerated capacity following an instruction from the Department of Justice further to their interpretation of DAO DFP 02/11. Mr Gaw has continued to serve as an Audit Committee member in an unremunerated capacity.

Mr B Doherty was appointed on 3 March 2014 as Director of Investigation for a three year fixed term contract.

### Audited Information

The following sections provide details of the remuneration and pension interests of the Police Ombudsman, the Accounting Officer/Chief Executive, members of the Senior Management Team and Non Executive Members of the Audit Committee. Information on page 26, part of page 27 and page 28 is covered by the audit opinion.

### Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials in the Office.

Remuneration	AUDITED INFORMATION							
	2013-14				2012-13			
	Salary (£'000)	Benefits in kind (to nearest £1000)	Pension Benefit (to nearest £1000)	Total (to nearest £1000)	Salary (£'000)	Benefits in kind (to nearest £100)	Pension Benefit (to nearest £1000)	Total (to nearest £1000)
<b>Dr Michael Maguire</b> <sup>1</sup> <i>Police Ombudsman</i>	130 – 135	-	54	185 – 190	90 – 95	-	4	90 – 95
<b>Adrian McAllister</b> <sup>2</sup> <i>Chief Executive</i>	105 – 110	-	41	150 – 155	20 – 25	-	9	30 – 35
<b>Paul Holmes</b> <i>Director of Investigation</i>	60 – 65	-	8	70 – 75	60 – 65	-	11	75 – 80
<b>Brian Doherty</b> <sup>3</sup> <i>Director of Investigation</i> (From 3/3/14)	5 – 10	-	2	5 – 10	-	-	-	-
<b>Peter O'Sullivan</b> <sup>4</sup> <i>Director of Investigation</i> (Until 3/1/14)	55 – 60	-	-	55 – 60	85 – 90	-	-	85 – 90
<b>Anne McShane</b> <sup>5</sup> <i>Acting Director of Investigation</i> (From 4/12/13 to 2/3/14)	15 – 20	-	7	20 – 25	-	-	-	-
<b>Olwen Laird</b> <i>Director of Corporate Services</i>	55 – 60	-	32	90 – 95	55 – 60	-	34	90 – 95
<b>Greg Mullan</b> <sup>6</sup> <i>Director of Research and Performance</i> (Until 31/1/14)	50 – 55	-	(37)	10 – 15	55 – 60	-	(16)	35 – 40
<b>Tim Gracey</b> <i>Director of Information</i>	55 – 60	-	11	65 – 70	50 – 55	-	13	65 – 70
<b>Seamus McIroy</b> <sup>7</sup> <i>Director of Legal Services</i>	45 – 50	-	20	65 – 70	10 – 15	-	4	15 – 20
<b>Jim Kitson</b> <sup>8</sup> <i>Director of Legal Services</i> (Until 30/9/12)	-	-	-	-	25 – 30	-	7	30 – 35
<b>Colin Lewis</b> <sup>9</sup> <i>Interim Chief Executive</i> (Until 27/7/12)	-	-	-	-	25 – 30	-	- <sup>10</sup>	25 – 30
<b>Jeff Smyth</b> <i>Acting Director of Investigation</i> (Until 31/3/13)	-	-	-	-	60 – 65	-	29	90 – 95
<b>Non Executive Audit Committee Members</b>								
Edward Gaw	5 – 10	-	-	5 – 10	5 – 10	-	-	5 – 10
Vilma Patterson	0 – 5	-	-	0 – 5	5 – 10	-	-	5 – 10

1 The 12/13 salary figure quoted is for the period 16 July 12 to 31 March 13. The full year equivalent salary is £125k – £130k.

2 The 12/13 salary figure quoted is for the period 14 January 13 to 31 March 13. The full year equivalent salary is £105k – £110k.

3 The salary figure quoted is for the period 3 March 14 to 31 March 14. The full year equivalent salary is £75k – £80k.

4 The salary figure quoted is for the period 1 April 13 to 31 January 14. The full year equivalent salary is £75k – £80k.

5 The salary figure quoted is for the period 4 December 13 to 2 March 14. The full year equivalent salary is £65k – £70k.

6 The salary figure quoted is for the period 1 April 13 to 31 January 14. The full year equivalent salary is £55k – £60k.

7 The 12/13 salary figure quoted is for the period 7 January 13 to 31 March 13. The full year equivalent salary is £45k – £50k.

8 The 12/13 salary figure quoted is for the period 1 April 12 to 30 September 12. The full year equivalent salary was £50k – £55k.

9 The 12/13 salary figure quoted is for the period 1 April 12 to 27 July 12. The full year equivalent salary is £85k – £90k.

10 Pension Benefit information is not available for Colin Lewis during the period of his secondment to the Office. Full information in respect of his Pension Benefit is disclosed in the Annual Report and Accounts of the Department of Enterprise Trade and Investment.

Audited Information		
	2013-14	2012-13
Police Ombudsman's Total Full Time Equivalent Remuneration (note 4.4 to the accounts)	£131,300	£128,296
Median Total Remuneration	£32,024	£31,484
Ratio	4.10	4.07

### Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Office and treated by the HM Revenue and Customs as a taxable emolument.

### Bonuses

The Office of the Police Ombudsman for Northern Ireland does not make bonus payments in respect of staff performance. No bonuses were payable to staff or to senior managers in respect of the year ended 31 March 2014 (nil for the year ended 31 March 2013).

### Off Payroll Payments

The Office had no off-payroll engagements during the year to 31 March 2014. None in the financial year ended March 2013.

### Departure Costs and Compensation Payments

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in the full year of departure. During the course of the year, the position of Director of Research and Performance in the Office was suppressed as part of wider cost saving measures. Mr G Mullan, former Director of Research and Performance, left the Office on 31 January 2014 under a voluntary redundancy agreement. He received immediate payment of his pension and lump sum plus a compensation payment of £25 –

£30k. There were no other redundancy or other departure cost incurred during the year to 31 March 2014. Nil for the year to 31 March 2013.

### Pay Multiples

Public bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisations workforce.

The Police Ombudsman for Northern Ireland is the highest paid official within the Office. No employee of the Office of the Police Ombudsman received remuneration in excess of the Police Ombudsman during either the year ended 31 March 2014 or the year ended 31 March 2013. His total remuneration was £131,300 for the year ended 31 March 2014 (note 4.4). Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer contributions or the cash equivalent transfer value of pensions. The total remuneration of the Police Ombudsman was 4.10 times the median remuneration of the workforce of £32,024. The total remuneration for the Police Ombudsman for the year ended 31 March 2013 was £128,296 which was 4.07 times the median remuneration of the workforce of £31,484.

The pay multiple has increased marginally from 4.07 for the year ended 31 March 2013 to 4.10 for the year ended 31 March 2014. The reason for this is that over the course of the financial year there have not been significant movements in the profile of staff. Similarly although the pay arrangements for the Ombudsman are based on the judicial scale and those for staff in the Office are based on NICS pay scales the overall levels of increases are broadly similar.

## PENSION BENEFITS

	AUDITED INFORMATION					
	Accrued pension at pension age as at 31/3/14 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/14 £'000	CETV at 31/3/13 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (Nearest £100)
<b>Dr Michael Maguire</b> <i>Police Ombudsman</i>	15 – 20	2.5 – 5.0	236	184	32	N/A
<b>Adrian McAllister</b> <i>Chief Executive</i>	0 – 5	2.5 – 5.0	37	6	21	N/A
<b>Paul Holmes</b> <i>Director of Investigation</i>	10 – 15 plus lump sum of 30 – 35	0 – 2.5 plus lump sum of 0 – 2.5	195	176	6	N/A
<b>Brian Doherty</b> <i>Director of Investigation</i>	0 – 5	0 – 2.5	1	0	1	N/A
<b>Anne McShane</b> <i>Acting Director of Investigation</i>	5 – 10 plus lump sum of 25 – 30	0 – 2.5 plus lump sum of 0 – 2.5	141	134	5	N/A
<b>Olwen Laird</b> <i>Director of Corporate Services</i>	15 – 20	0 – 2.5	222	189	18	N/A
<b>Greg Mullan**</b> <i>Director of Research and Performance</i>	15 – 20 plus lump sum of 115 – 120	(0 – 2.5) plus lump sum of 52.5 – 55.0	486	486	(29)	N/A
<b>Tim Gracey</b> <i>Director of Information</i>	0 – 5 plus lump sum of 5 – 10	0 – 2.5 plus lump sum of 0 – 2.5	58	42	10	N/A
<b>Peter O'Sullivan</b> <i>Acting Senior Director of Investigation</i>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Seamus McIlroy</b> <i>Director of Legal Services</i>	0 – 5	0 – 2.5	28	18	6	N/A
<b>Non Executive Audit Committee Members</b>						
Edward Gaw	N/A	N/A	N/A	N/A	N/A	N/A
Vilma Patterson	N/A	N/A	N/A	N/A	N/A	N/A

\*\* Information in relation to Mr G Mullan is to 31 January 2014.

### Northern Ireland Civil Service Pensions

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium or classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011, pensions payable under classic, premium, classic plus are increased annually in line with changes in the Consumer Prices Index (CPI).

Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account.

Nuvos is a 'Career Average Related Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2014, public service pensions will be increased by 2.7% for pensions which began before 8 April 2013. Pensions which began after 8 April 2013 will be increased proportionately.

Employee contributions are determined by the level of pensionable earnings. The employee contribution rates for the 2014-15 year are as follows:

### Members of Classic

Annual pensionable earnings (FTE basis)	2014 contribution rate before tax relief
Up to £15,000	1.50%
£15,001 - £21,000	3.00%
£21,001 - £30,000	4.48%
£30,001 - £50,000	5.27%
£50,001 - £60,000	6.06%
Over £60,000	6.85%

### Members of premium, nuvos and classic plus

Annual pensionable earnings (FTE basis)	2014 contribution rate before tax relief
Up to £15,000	3.50%
£15,001 - £21,000	5.00%
£21,001 - £30,000	6.48%
£30,001 - £50,000	7.27%
£50,001 - £60,000	8.06%
Over £60,000	8.85%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will

match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos. Further details about the CSP arrangements can be found at the website [www.dfpni.gov.uk/civilservicepensions-ni](http://www.dfpni.gov.uk/civilservicepensions-ni).

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or

arrangement which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional years of pension service in the scheme at their own cost. CETV's are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Pension Benefit

The value of pension benefits accrued during a year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.



**Adrian McAllister**  
**Chief Executive**  
**13 June 2014**

## Statement of the Police Ombudsman for Northern Ireland and the Chief Executive's Responsibilities

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Under paragraph 12 of Schedule 3 to the Police (Northern Ireland) Act 1998 the Police Ombudsman for Northern Ireland is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the DOJ.

The accounts are prepared on an accruals basis and must include a Statement of Comprehensive Net Expenditure, a Statement of Financial Position, a Statement of Cash Flows, and a Statement of Changes in Taxpayers' Equity. The accounts are required to give a true and fair view of the net expenditure for the financial year and the financial position at the year end.

In preparing the accounts the Office of the Police Ombudsman for Northern Ireland is required to:

- observe the accounts direction issued by the Department of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Accounting Officer of the Department of Justice has designated the Chief Executive as Accounting Officer of the Office of the Police Ombudsman for Northern Ireland. The Chief Executive's relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in Chapter 3 of *Managing Public Money Northern Ireland* issued by the Department of Finance and Personnel.

# Governance Statement

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## 1. SCOPE OF RESPONSIBILITY

The Office of the Police Ombudsman for Northern Ireland provides an independent impartial police complaints system for the people and police of Northern Ireland. It investigates complaints against the Police Service of Northern Ireland (PSNI), the Belfast Harbour Police, the Larne Harbour Police, the Belfast International Airport Police and the Ministry of Defence Police in Northern Ireland.

The Police Ombudsman for Northern Ireland was established under the Police (Northern Ireland) Act 1998. The Office of the Police Ombudsman is not governed by a Board but is headed by the Police Ombudsman as a Corporation Sole who is appointed by Royal Warrant and normally serves for a period of seven years. The Office is a Non Departmental Public Body (NDPB) of the Department of Justice (DOJ) and the Police Ombudsman is accountable to the Northern Ireland Assembly through the Minister of Justice. The Office of the Police Ombudsman is constituted and operated independently of the DOJ, the PSNI and the Northern Ireland Policing Board (NIPB).

The Police Ombudsman aims to provide an effective, efficient and accountable police complaints system, which is independent, impartial and designed to secure the confidence of the public and police.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Police Ombudsman's policies, aims and objectives as set out in the Annual Business Plan and agreed with the Department of Justice, whilst safeguarding the public funds and the Office's assets for which I am personally responsible.

## 2. PURPOSE OF THE GOVERNANCE FRAMEWORK

The term 'Corporate Governance' describes the way in which organisations are directed, controlled and led. The purpose of a Corporate Governance Framework is to facilitate accountability and responsibility for the effective and efficient delivery of an organisation's statutory responsibilities or aims and objectives. The Office is established to deliver on its statutory obligations under the Police (Northern Ireland) Act 1998 and is funded by public monies to do so. The Corporate Governance arrangements provide the framework to ensure that the Office delivers on its statutory obligations and that it does so in accordance with the requirements placed on all publicly funded bodies regarding the stewardship of resources.

The Office has an established system of internal control which is based on an ongoing process designed to identify and prioritise risks to the effective and efficient achievement of the Office's key business objectives and priorities. The system of control also provides an assessment of the likelihood of risks being realised and the consequent impact for effective and efficient management of risks. This system of internal controls has been designed to manage risk to an acceptable level rather than to eliminate risks entirely and as such does not provide absolute assurance of effectiveness.

## 3. GOVERNANCE FRAMEWORK

As detailed above, the Office of the Police Ombudsman for Northern Ireland does not have a Board but is governed by the Police Ombudsman as a Corporation Sole. The Ombudsman is appointed by Royal Warrant.

The Office has a Corporate Governance Arrangements framework document which provides information on the structures, roles and responsibilities which have been established to ensure proper and effective management of the Office's affairs.

There are four key organisational roles and structures defined within the corporate governance arrangements – these are the Police Ombudsman, the Chief Executive as Accounting Officer, the Senior Management Team (SMT) and the Audit Committee.

### The Police Ombudsman

The Police Ombudsman has responsibility for establishing the overall strategic direction of the Office within the policy and resources framework determined by the Minister for Justice and the Department of Justice. He is also responsible for promoting the efficient, economic and effective use of staff and other resources by the Office and for holding me, as Accounting Officer, to account for the delivery against the Corporate and Business Plans.

### The Chief Executive, as Accounting Officer

As Chief Executive I have been designated as Accounting Officer for the Office by the Departmental Accounting Officer of the DOJ. As Chief Executive and Accounting Officer I am personally responsible for safeguarding the public funds for which I have charge and for ensuring the propriety and regularity in the handling of these public funds and for the day to day operations and management of the Office. I am also responsible for ensuring the effective and efficient achievement of the objectives and targets of the Office which are set out in the Annual Business Plan in support of the Police Ombudsman's strategic direction.

### The Senior Management Team (SMT)

The SMT supports the Police Ombudsman and me, as Chief Executive, by providing collective leadership

and taking ownership of organisational performance. The SMT oversees how the Office plans, sets, communicates and monitors corporate objectives. It operates in an advisory and consultative capacity to the Police Ombudsman in respect of those matters for which the Ombudsman has specific statutory responsibility, offering guidance when sought.

### The Audit Committee

The Police Ombudsman is supported in his role by the Audit Committee. The Audit Committee includes two independent external members who chair all Audit Committee meetings on an alternate basis. Audit Committee meetings are convened on a quarterly basis and the Police Ombudsman, the Chief Executive and the Director of Corporate Services normally attend each meeting along with a representative from the sponsor Department, the Head of Internal Audit and a representative from the Northern Ireland Audit Office (NIAO) as external auditor. The Audit Committee has an established Terms of Reference which was last reviewed and updated in October 2012 and is available on the Office website. The responsibilities of the Audit Committee include advising the Police Ombudsman and Chief Executive on the strategic processes for risk, control and governance within the Office. The Audit Committee produces an annual report on the effectiveness of the Committee in the discharge of their responsibilities in support of the Police Ombudsman and me as Accounting Officer.

### Internal Audit

The Internal Audit service for the Office for the year to 31 March 2014 was provided by ASM who operate to Public Sector Internal Audit Standards (PSIAS). The Internal Audit work programme for the year was set within a strategic internal audit plan. The plan gives assurance to the Accounting Officer on the effectiveness and efficiency of the operation of key systems and controls in the Office in order to deliver the statutory duties of the Office. On an annual basis the Audit Committee approves an

annual audit plan and considers the adequacy of the management responses to findings and recommendations contained in audit reports. The Head of Internal Audit also produces an Annual Assurance report which provides assurances to me as Accounting Officer as to the effectiveness of the Office's overall systems of control.

### External Audit

The External Auditor of the Office is the Comptroller and Auditor General (C&AG) of the Northern Ireland Audit Office (NIAO). The NIAO undertakes an audit of the financial statements of the Office on an annual basis and provides a certificate for inclusion in the Annual Report and Accounts. The NIAO also provide, on an annual basis, a Report to those Charged with Governance which makes recommendations where matters have come to the attention of the NIAO during the course of their audit. KPMG, Chartered Accountants currently undertake audit fieldwork on behalf of the NIAO on an outsourced basis.

### Governance Arrangements

The Office has an established set of arrangements for Corporate Governance. The Corporate Governance Arrangements document was approved and endorsed by the Police Ombudsman, the Senior Management Team and the Office's Audit Committee in October 2012.

The Corporate Governance Arrangements document (which is available on the Office's website) details the key principles of corporate governance which include openness, integrity and accountability and provides information on the structures, roles and responsibilities which have been established to ensure proper and effective management of the Office's affairs. In the absence of a Board, the role of the non executive members of the Audit Committee includes the requirement to provide 'constructive challenge', a fresh, objective perspective and new ideas and a safe sounding

board for new approaches. In addition non executive audit committee members are responsible for ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency.

The Office operates under a Management Statement and Financial Memorandum (MSFM) with the Department of Justice. The MSFM sets out the broad framework within which the Office operates, subject to the legislation under which the Office was established and is required to comply. The MSFM is supplemented by a Memorandum of Understanding (MOU) which provides an operating protocol which recognises the operational independence of the Office and also satisfies the rules of accountability and oversight for the effective and efficient use of public resources. The current MSFM and related MOU were agreed in October 2012 and are available on the Office website and in the library of the Northern Ireland Assembly.

During February/March 2013, the Internal Auditor carried out an inspection in relation to the risk management and corporate governance arrangements within the Office and reported a satisfactory assurance in April 2013 as to the operation of risk management and corporate governance within the Office.

As part of the sponsorship arrangements, I meet formally on a quarterly basis with the Head of the sponsor directorate within the Department to discuss Office performance against the objectives and targets set out in the Annual Business Plan.

As an NDPB and in the context of the Corporate Sole arrangements, the Office complies with the Corporate Governance in Central Government Departments: Code of Good Practice NI to the extent that it is meaningful and relevant to do so.

### Conflicts of Interest

A standing item of Conflicts of Interest is included at the start of all Audit Committee and Senior Management Team meeting agendas. Any conflicts of interest declared are managed by the Chair of the relevant meeting and will normally require the withdrawal from the meeting in full or for the relevant part of the meeting by the individual who has declared the conflict. All such conflicts of interests are recorded in the minutes of the meeting and are forwarded for inclusion in the organisational Conflict of Interest register. During the course of the year ended 31 March 2014, one conflict of interest was reported in relation to the Audit Committee in respect of an instruction by the Department in relation to the remuneration of an Audit Committee member. The member concerned identified the conflict of interest and withdrew from the meeting for the duration of the related discussion. There were no conflicts of interest declared in SMT meetings. During the financial year, a Conflict of Interest policy for all staff was approved by SMT in April 2013 and mandatory training for all staff delivered between October 2013 and January 2014. Prior to this Conflicts of Interest had been included within the Code of Ethics for staff.

## 4. RISK MANAGEMENT AND INTERNAL CONTROL

The Office has established procedures for risk management which includes a Risk Management Policy and Strategy. There is an established risk register for the Office which details the key organisational risks that are faced.

I consider that the effective and proactive management of risk is a key role for the SMT and the management of risk is a central component of the SMT agenda.

Each risk has been assigned to a member of SMT who is designated with responsibility for ensuring the oversight of that risk. These key risks are prioritised by likelihood and impact and categorised as high, medium or low. Each individual risk on the risk register is also supported by an underlying Risk and Issues Control Form which outlines in more detail the nature of the risks, the existing controls in place to manage the risk any further work that is necessary and updates on progress to date. Risks are updated on an iterative basis as changes occur and the register is considered on a monthly basis as part of the SMT meeting.

At each SMT, in addition to an overview of the risk register, there is a process to consider whether there is any new issue which should be added to the risk register and also whether there are any risks which have been satisfactorily managed and can be closed. In this way the Office ensures that there is an ongoing consideration of risk both in terms of day to day operations and also in terms of strategic implications.

The risk register and actions are also regularly reviewed by the Audit Committee of the Office.

## 5. REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

### Senior Management Team (SMT)

The Senior Management Team, which I chair, meets on a regular basis throughout the year. During the financial year there were 9 such SMT meetings held. These meetings are designed to ensure the effective management of the day to day operation of the Office and to ensure effective progress against the objectives and targets of the Annual Business Plan. The Police Ombudsman normally attends SMT meetings. On a quarterly basis, the SMT meeting is expanded to include all functional members within the Office. In addition to the formal SMT I meet regularly on an informal basis with all Directors in

an informal SMT. The attendance by members of SMT across the year was

Attendee Name	Meetings Attended
Michael Maguire, Police Ombudsman	7
Adrian McAlister, Chief Executive Director of Current Investigation*	9
Paul Holmes, Director of Historic Investigation	8
Olwen Laird, Director of Corporate Services	7
Tim Gracey, Director of Information	7
Seamus McIlroy, Director of Legal Services	7
Greg Mullan, Director of Research and Performance**	8

\* there were 3 Directors of Investigation during the year

\*\* the Director of Research and Performance post was suppressed on 31 January 2014

### Audit Committee

The Audit Committee met on five times in total across the year, in four quarterly meetings and in an additional meeting held to approve the Annual Report and Accounts for the year ended 31 March 2013.

Each meeting was chaired by a non executive member. There was regular attendance at these meetings as outlined below:

Attendee Name	Meetings Attended
Vilma Patterson, Non Executive member,	5
Eddie Gaw, Non Executive member	4
Michael Maguire, Police Ombudsman	5
Adrian McAllister, Chief Executive	5
Olwen Laird, Director of Corporate Services	5
ASM, Internal Auditor	4
DOJ, Sponsor Department	4
NIAO, External Auditor	5
KPMG, External Audit Contractor	3

Each financial year the Audit Committee produces a report on the effectiveness of the Audit Committee in support of both the Police Ombudsman and me as Accounting Officer. The report for the year ended 31 March 2014 has confirmed that the Audit

Committee was operated effectively across the financial year.

### Department of Justice sponsor arrangements

There were four quarterly governance meetings held during the year between the sponsor directorate of the Department of Justice and the Office in line with the provisions of the MSFM to discuss and monitor performance against the Annual Business Plan throughout the year. Additionally the Office responded to a significant number of requests for information and responded to the requirements to submit returns to the Department on a regular basis on a range of matters to satisfy the governance requirements of the Department.

There were no ministerial directions given during the financial year.

### Risk management

The process of a monthly overview of key organizational risks has been effective across the financial year. Individual members of SMT have been pro-active in the management of the risks that have been individually assigned and the consideration of risk by SMT as a standing item on the agenda has enabled focused discussion on these risks and related actions required to address them.

There are 3 key risks facing the Office which I consider should be included in the Governance Statement. These include a risk that the budget resources provided to the Office will be insufficient to enable the Office to function effectively in the delivery of its statutory duty, a risk that the assumptions underpinning the resourcing of the Historic Business case will be undermined by unanticipated increased levels of new cases received and a risk that the volumes of complaints received in current cases will further increase placing pressure on the ability of the Office to operate effectively and efficiently.

In order to address these risks the Office has identified the pressures to the Department of Justice as part of financial monitoring discussion, during the formal quarterly governance meetings and through the submission of two separate business cases for additional resources, one for additional monies to address pressures in Historic work and the other for additional monies to address pressures in Current work, including significant cases.

A risk was identified during the course of the year that has been discharged. This related to a risk around the legislative cover to deal with any issues arising from the policing of the G8 summit held in Northern Ireland last summer. The summit concluded with no complaints received by the Office and no issues arising in respect of legislative authority.

In June 2011 Criminal Justice Inspection Northern Ireland (CJI) carried out an inspection in the Office and made a number of recommendations in relation to the Historic work of the Office. In January 2013 CJI carried out a follow up inspection on the progress made to address the recommendations made to date. The Office has now discharged all but one of the recommendations made which will be fully addressed once CJI return to review the new processes for the publication of Historical investigations. Due to unforeseen circumstances outside of the control of the Office or CJI this has not yet happened. The Ombudsman remains committed to the review taking place within the 2014/15 financial year.

The Office treats information security as an ongoing priority. There were no significant security lapses during the year, neither were there any personal data related or other loss of data.

During 2013/14 the SMT and Audit Committee received a wide range of information within an agreed schedule including; the corporate risk register, statistical information on complaints and

investigation caseloads, balanced scorecard information in relation to performance against business plan targets, management accounting information and other relevant material. Although there has been no formal assessment of the information provided, the Police Ombudsman, the SMT and the Audit Committee are satisfied with the quality, accuracy and timeliness of the information received.

## 6. SIGNIFICANT INTERNAL CONTROL ISSUES

There were no significant internal control issues identified during the year.

## 7. ACCOUNTING OFFICER STATEMENT ON ASSURANCE

In providing my statement on assurance I am informed by assurances provided to me from a range of sources. These include:

- the Annual Internal Audit Assurance Report which encompasses satisfactory assurance in relation to
  - IT systems and Information Security
  - Records Management
  - External and Internal Communication.
- the Audit Committee Annual Report.
- the system of risk management within the Office.

I consider that the overall system of controls, governance and risk management have been adequate and operated effectively and thereby provide satisfactory assurance to me that the Office can effectively and efficiently meet its objectives.



**Adrian McAllister**  
Accounting Officer  
13 June 2014

# The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

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## Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Police Ombudsman for Northern Ireland for the year ended 31 March 2014 under the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Police Ombudsman for Northern Ireland, the Chief Executive and auditor

As explained more fully in the Statement of the Police Ombudsman for Northern Ireland and the Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. I conduct my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Police Ombudsman for Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Police Ombudsman for Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

## Opinion on Regularity

In my opinion, in all material respects, the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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## Opinion on the Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Police Ombudsman for Northern Ireland's affairs as at 31 March 2014, and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions made thereunder; and
- the information given in the Report of the Chief Executive and the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

## Report

I have no observations to make on these financial statements.



### **KJ Donnelly**

Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU  
23 June 2014

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	Note	2013-14 £	2012-13 £
<b>Expenditure</b>			
Staff costs	4	6,738,350	6,205,369
Depreciation/amortisation	5	507,848	474,046
Other expenditure	5	2,256,715	2,185,258
<b>Net expenditure</b>		<b>9,502,913</b>	<b>8,864,673</b>
<b>Other Comprehensive Net Expenditure</b>			
<i>Items that will not be reclassified to net operating costs:</i>			
Net (gain) on revaluation of Property Plant and Equipment	6	(1,418)	(2,581)
Net loss/(gain) on revaluation of Intangibles	7	12,482	(111,228)
<b>Total Comprehensive Expenditure for the year ended 31 March 2014</b>		<b>9,513,977</b>	<b>8,750,864</b>

The notes on pages 44 - 63 form part of these accounts

## Statement of Financial Position as at 31 March 2014

	Note	As at 31 March 2014 £	As at 31 March 2013 £
<b>Non-current assets:</b>			
Property, plant and equipment	6	728,164	663,472
Intangible assets	7	828,698	858,696
Trade and other receivables	8	15,515	0
<b>Total non-current assets</b>		<b>1,572,377</b>	<b>1,522,168</b>
<b>Current assets:</b>			
Trade and other receivables	8	108,561	188,607
Cash and cash equivalents	9	189,291	112,113
<b>Total current assets</b>		<b>297,852</b>	<b>300,720</b>
<b>Total assets</b>		<b>1,870,229</b>	<b>1,822,888</b>
<b>Current liabilities:</b>			
Trade and other payables	10	(585,701)	(540,800)
<b>Total current liabilities</b>		<b>(585,701)</b>	<b>(540,800)</b>
<b>Total assets less current liabilities</b>		<b>1,284,528</b>	<b>1,282,088</b>
<b>Non-current liabilities:</b>			
Provisions	11	(74,000)	(113,583)
<b>Total non-current liabilities</b>		<b>(74,000)</b>	<b>(113,583)</b>
<b>Assets less liabilities</b>		<b>1,210,528</b>	<b>1,168,505</b>
<b>Taxpayers' Equity:</b>			
General reserve		889,421	836,334
Revaluation reserve		321,107	332,171
		<b>1,210,528</b>	<b>1,168,505</b>

The notes on pages 44 to 63 form part of these accounts

The financial statements on pages 40 to 63 were approved and authorised for issue by:



**Adrian McAllister**  
**Chief Executive**

13 June 2014

## Statement of Cash Flows for the year ended 31 March 2014

	Note	2013-14 £	2012-13 £
<b>Cash flows from operating activities</b>			
Net Expenditure for the year		(9,502,913)	(8,864,673)
Adjustment for non-cash transactions	5	474,424	385,117
Decrease in trade and other receivables	8	64,530	29,093
Increase/(Decrease) in trade payables	10	44,901	(27,510)
Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	6,7	(38,364)	-
Use of provisions	11	(70,842)	(59,516)
<b>Net cash outflow from operating activities</b>		<b>(9,028,264)</b>	<b>(8,537,489)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(266,988)	(79,425)
Purchase of intangible assets	7	(183,570)	(144,858)
<b>Net cash outflow from investing activities</b>		<b>(450,558)</b>	<b>(224,283)</b>
<b>Cash flows from financing activities</b>			
Grant-in-Aid to fund resource expenditure		9,060,000	8,724,000
Grant-in-Aid to fund capital expenditure		496,000	243,000
<b>Net financing</b>		<b>9,556,000</b>	<b>8,967,000</b>
<b>Net increase in cash and cash equivalents in the period</b>	9	<b>77,178</b>	<b>205,228</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>112,113</b>	<b>(93,115)</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>189,291</b>	<b>112,113</b>

The notes on pages 44 to 63 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

	Note	General Reserve Restated £	Revaluation Reserve £	Total Reserves Restated £
<b>Balance at 1 April 2012</b>		<b>734,007</b>	<b>218,362</b>	<b>952,369</b>
<b>Changes in taxpayers' equity for 2012-13</b>				
Revaluation gain on revaluation of property, plant and equipment	6	-	2,581	2,581
Revaluation gain of intangible assets (CHS)	7	-	111,228	111,228
Comprehensive expenditure for the year		(8,864,673)	-	(8,864,673)
<b>Total recognised expenses for 2012-13</b>		<b>(8,864,673)</b>	<b>113,809</b>	<b>(8,750,864)</b>
Grant-in-Aid to fund resource expenditure		8,724,000	-	8,724,000
Grant-in-Aid to fund capital expenditure		243,000	-	243,000
<b>Total recognised funding for 2012-13</b>		<b>8,967,000</b>	<b>-</b>	<b>8,967,000</b>
<b>Balance at 31 March 2013</b>		<b>836,334</b>	<b>332,171</b>	<b>1,168,505</b>
<b>Changes in taxpayers' equity for 2013-14</b>				
Revaluation gain on items of property, plant and equipment	6	-	1,418	1,418
Revaluation loss of intangible assets (CHS)	7	-	(12,482)	(12,482)
Comprehensive expenditure for the year		(9,502,913)	-	(9,502,913)
<b>Total recognised expense for 2013-14</b>		<b>(9,502,913)</b>	<b>(11,064)</b>	<b>(9,513,977)</b>
Grant-in-Aid to fund resource expenditure		9,060,000	-	9,060,000
Grant-in-Aid to fund capital expenditure		496,000	-	496,000
<b>Total recognised funding for 2013-14</b>		<b>9,556,000</b>	<b>-</b>	<b>9,556,000</b>
<b>Balance at 31 March 2014</b>		<b>889,421</b>	<b>321,107</b>	<b>1,210,528</b>

The notes on pages 44 to 63 form part of these accounts

The General Reserve serves as the chief operating fund and is used to account for all financial resources except those required to be accounted for in another reserve.

The Revaluation Reserve accounts for the unrealised gain or loss on revaluation of assets.

## Notes to the Accounts

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### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the Accounts Direction issued by the Department of Justice and in line with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Office of the Police Ombudsman for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Office (for the reportable activity) are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention modified to take account of the revaluation of property, plant and equipment and intangible assets.

The financial statements are stated in sterling, which is the functional and presentational currency.

#### 1.2 Grant-in-Aid and capital grants

The Office of the Police Ombudsman for Northern Ireland was funded during the year to 31 March 2014 by Grant-in-Aid from the Department of Justice, request for resources A. All Grant-in-Aid received, which is used to finance activities and expenditure that support the statutory and other objectives of the Office, is treated as financing credited to the General Reserve, because it is regarded as contributions from a controlling party. Grant-in-Aid received towards the purchase of items of property, plant and equipment or intangible assets is also credited directly to the General Reserve.

#### 1.3 Value Added Tax

The Office of the Police Ombudsman for Northern Ireland is not registered for Value Added Tax (VAT). All transactions are therefore stated inclusive of VAT.

#### 1.4 Property, plant and equipment

Property, plant and equipment comprises leasehold improvements to New Cathedral Buildings, fixtures and fittings and information technology equipment.

Items of property, plant and equipment are capitalised if they are intended for use on a continuous basis and their individual original purchase cost is £1,000 or more. Items with an individual cost of less than £1,000 but, when taken together, represent a significant investment will be grouped. The materiality threshold for a group of items is £3,500. Items costing less than £1,000 that are not part of a group are written off in the year of purchase.

Leasehold improvement expenditure has been capitalised and is restated at current cost using professional valuations. Valuations are carried out each year by professional external valuers, employed by the Land and Property Services (Valuations), in accordance with the Appraisal and Valuation Manual prepared and published by the Royal Institution of Chartered Surveyors, as at 31 March. The unexpired term in respect of the lease for New Cathedral Buildings is one year, with an option to extend it for a further ten years.

The Office of the Police Ombudsman for Northern Ireland's property, plant and equipment is revalued annually using indices compiled by the Office for National Statistics. Any surplus/loss on revaluation is treated as follows:

- Unrealised surplus arising from revaluation of property, plant and equipment is credited to the Revaluation Reserve unless it reverses a revaluation decrease of the same asset previously recognised to the Statement of Comprehensive Net Expenditure, to that extent.
- Losses arising from the revaluation of property, plant and equipment are debited to the Revaluation Reserve to the extent that gains were recorded previously, and otherwise to the Statement of Comprehensive Net Expenditure.

Property, plant and equipment is reviewed annually for impairment.

## 1.5 Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in order to write off the valuation, less any residual value, over their expected useful economic lives.

The estimated useful lives of property, plant and equipment, which are reviewed regularly are summarised under each category below:

Category:	Estimated useful lives:
Buildings – leasehold improvement expenditure	The remaining term of the lease
Furniture and fittings	3 - 10 years
Information Technology:	
- PCs, peripherals and other related equipment	4 – 7 years
- Servers	7 years

## 1.6 Intangible assets

Expenditure on intangible assets is recognised when the Office of the Police Ombudsman for Northern Ireland controls the asset; is probable that future economic benefits attributable to the asset will flow to the Office and the cost of the assets can be reliably measured.

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The Office's intangible assets consist of a bespoke information technology system for recording complaints (Case Handling System – CHS), and purchased software licences where expenditure is £1,000 or more. Intangible assets are revalued annually using appropriate indices compiled by the Office for National Statistics. Any surplus/loss on revaluation is treated as follows:

- Unrealised surplus arising from revaluation of intangible assets is credited to the Revaluation Reserve unless it reverses a decrease of the same asset previously recognised in the Statement of Comprehensive Net Expenditure, to that extent.
- Losses arising from the revaluation of intangible assets are debited to the Revaluation Reserve to the extent that gains were recorded previously, and otherwise to the Statement of Comprehensive Net Expenditure.

Amortisation is calculated on a straight line basis over the shorter of the term of the licence and the useful economic life (four to ten years). Intangible assets are reviewed annually for impairment.

### 1.7 Pension costs

Past and present employees are covered by the provisions of the Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] which are described in the Remuneration Report on pages 25 to 30 and in note 4. The defined benefit elements of the schemes are unfunded. The organisation recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (Northern Ireland) [PCSPS(NI)] of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI). In respect of the defined contribution elements of the schemes, the organisation recognises the contributions payable for the year.

### 1.8 Leases

Leases are classified as operating leases where substantially all of the risks and rewards are held by the lessor. The total cost of operating leases is charged to other operating costs on a straight-line basis over the period of the lease.

### 1.9 Insurance

Insurance costs in respect of motor vehicles and buildings are charged to the Statement of Comprehensive Net Expenditure. No insurance is effected against the following: fire, explosion, common law, third party and similar risks.

### 1.10 Provisions

The Office of the Police Ombudsman for Northern Ireland provides for legal or constructive obligations which are of uncertain timing or amount at the reporting period date on the basis of the best estimate of the expenditure required to settle the obligation.

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## 1.11 Financial Instruments

Financial assets and liabilities are recognised when the Office of the Police Ombudsman for Northern Ireland becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the Office no longer has rights to cash flows, the risks and rewards of ownership or control of the asset.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. The Office of the Police Ombudsman for Northern Ireland does not hold any complex financial instruments.

### 1.11.1 Financial assets

#### *Trade and other receivables*

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount, less provision for impairment.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

#### *Impairment of financial assets*

The Office assesses at each reporting period date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Statement of Comprehensive Net Expenditure.

### 1.11.2 Financial Liabilities

#### *Trade and other payables*

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, less provision for impairment.

## 1.12 Employee benefits

Under IAS 19, an employing entity should recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for service. The Office of the Police Ombudsman for Northern Ireland has therefore recognised both annual and flexi leave entitlements that have been earned by the reporting period end, but not yet taken. These costs are reflected in staff costs and current liabilities.

## 1.13 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Office's accounting policies. The Office of the Police Ombudsman for Northern Ireland continually evaluates its

estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing material adjustment to the carrying amount of assets and liabilities are discussed below.

### 1. Depreciation of plant, property and equipment

Depreciation is provided so as to write-down the respective assets to their residual values over their expected lives, and as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in note 1.5.

### 2. Amortisation of intangible assets

Amortisation is provided so as to write-down the respective assets to their residual values over their expected lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in note 1.6

### 3. Provisions

Provisions for legal claims are made on the basis of all known claims, estimated based on legal advice. The amount which is provided is based on an expected probability basis, where the total probable cost is provided in full if the expected risk of failure is likely to exceed 50% and on full anticipated costs of defending legal actions, where no recovery of such costs is likely. Details of the legal provisions are shown in note 11.

## 1.14 Accounting standards, interpretations and amendments to published standards and FReM - issued and effective in 2013-14 for the first time

Standard	Comments
IAS 1 - <i>Presentation of financial statements (Other Comprehensive Income (OCI)) (amendment)</i>	<p>Requires items of OCI to be grouped on the basis of whether they might at some point be reclassified ('recycled') from OCI to profit (e.g. cash flow hedges) or where they will not (e.g. gains on property revaluation). This will make it clearer to users what their potential effect on profit or loss will be in future periods, notably in light of improved disclosure of financial instruments and pensions, and where there will be no impact.</p> <p>Amendments also allow simplified reporting for discontinued operations and OCI tax grouping.</p> <p>The FReM application of the IAS 1 amendments interpreted for terminology and adapted for the public sector context is effective from 1 April 2013. This requires a single Statement of Comprehensive Net Expenditure rather than separate Other Comprehensive Expenditure, unless agreed by the Relevant Authority.</p>

<p><b>IAS 16 -</b> <i>Property, Plant and Equipment (amendment)</i></p>	<p>Classification of servicing equipment including items such as spare parts, stand-by equipment and servicing equipment are recognised under IAS 16 when they meet the definition of property, plant or equipment. They are otherwise classified as inventory under IAS 2 Inventories.</p> <p>The FReM applies this change in full.</p>
<p><b>IAS 19 -</b> <i>Post employment benefits (pensions) (amendment)</i></p>	<p>The amended IAS 19 introduces a number of changes including:</p> <p><b>Recognition</b> - the elimination of the option to defer the recognition of gains and losses resulting from defined benefit plans (the ‘corridor approach’);</p> <p><b>Presentation</b> - the elimination of options for the presentation of gains and losses relating to those plans; and</p> <p><b>Disclosures</b> - the improvement of disclosure requirements that will better show the characteristics of defined benefit plans and the risks arising from those plans.</p> <p>The corridor approach is not permitted by the FReM so the main impact of the change is not relevant.</p> <p>There is an impact on defined benefit pension scheme accounts and other entities consolidating defined benefit schemes due to the new presentation and disclosure requirements. Entities may also be impacted by modifications to accounting for termination benefits.</p>

The Office of the Police Ombudsman for Northern Ireland has reviewed the remaining standards, interpretations and amendments to published standards and FReM that became effective during 2013-14. The adoption of these standards are either not relevant to the Office's operations or have not had a significant impact on its financial position or results.

### 1.15 Accounting standards, interpretations and amendments to published standards not yet effective

The International Accounting Standards Board (IASB) have issued new and amended standards (IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective from January 2013, with EU adoption from 1 January 2014.

Accounting boundaries for IFRS purposes are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by Treasury. A review of the Northern Ireland (NI) financial process is currently under discussion with the Executive, which will bring NI departments under the same adaptation. Should this go ahead, the impact on

departments is expected to focus around the disclosure requirements under IFRS 12. The impact on the consolidation boundary of NDPBs and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing.

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Office's accounting periods beginning on or after 1 April 2014 or later periods, but which the Office has not adopted early. Other than as outlined in the below, the Office considers that these standards are not relevant to its operations.

Standard	<b>IFRS 13 - Fair Value Measurement (new)</b>
<b>Description of revision</b>	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise).</p> <p>The standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements. The standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset / liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on.</p> <p>To ensure transparency over the differing quality of inputs used to determine fair value, the standard has established a hierarchy for input quality. Level 1 inputs (highest quality) are published prices available in an active market; Level 2 inputs are observable data available in a non-active market; and Level 3 inputs (lowest quality) are all other inputs, which are mostly unobservable.</p> <p>Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.</p> <p>IFRS 13 requires additional disclosures where Level 3 inputs are used to assess fair value, to give readers an understanding.</p>
<b>Effective date</b>	1 January 2013 (EU adopted)
<b>Comments</b>	The application of IFRS 13 is subject to further review by HM Treasury and the other Relevant Authorities following the consultation which took place in 2013.

## 1.16 Financial Reporting - Future Developments

In addition to the changes identified above, there are a number of future developments that will impact the Department including:

Standard	Description of revision	Effective date	Comments
IAS 17 replacement - Leases	The current proposals include the elimination of the current operating lease categorisation for virtually all leases except short- term leases. Instead, assets and liabilities will be recognised on a 'right of use' basis. However, the IASB plans to re-deliberate significant issues associated with the exposure draft.	No target date for IFRS	HM Treasury has begun an analysis of the revised exposure draft. HM Treasury and the Relevant Authorities will review the implications and follow due process once there is a final standard.
IAS 18 replacement – Revenue Recognition and Liabilities Recognition	Re-issued in November 2011, the Exposure Draft sought to develop a single conceptual model, and general principles, for determining when revenue should be recognised in the financial statements - replacing IAS 18 and IAS 11 <i>Construction Contracts</i> .	Effective no earlier than 1 January 2015 (as per exposure)	Although the exposure draft seem relatively straightforward, and potentially applicable in full (as IAS 11 and 18 currently are), there will need to be due process undertaken to consider the impact of the final IFRS once issued.
IFRS 9 - Financial Instruments (new)	The project has three phases addressing classification and measurement, impairments and hedge accounting.	Subject to consultation	There are likely to be elements of the final proposals that will require further review by HM Treasury and the other Relevant Authorities before due process and consultation. However, this due process cannot commence until a final IFRS has been issued.

The Office has considered the remaining additional or revised accounting standards and new (or amendments to) interpretations contained within FReM 2013-14. The Office considers that these changes are not relevant to its operations.

## 2 Financial Targets

The Office of the Police Ombudsman for Northern Ireland has no formally agreed financial targets.

## 3 Analysis of Net Expenditure by Segment

	Core Investigations £	Historic Investigations £	Total £
<b>Comprehensive expenditure 2013-14</b>	<b>7,456,726</b>	<b>2,046,187</b>	<b>9,502,913</b>
Comprehensive expenditure 2012-13	7,220,013	1,644,660	8,864,673

The segments identified by the Office correspond with the normal segmental provision of information to the Chief Executive and is consistent with the separate funding provided by and reporting requirement to the sponsoring department.

## 4 Staff numbers and related costs

### 4.1 Staff costs incurred during the period were as follows:

	2013-14 £	2012-13 £
<b>Amounts payable in respect of directly employed staff</b>		
Wages and salaries	4,221,800	3,935,905
Social security costs	338,792	323,797
Employer's pension contributions	810,960	780,074
<b>Total direct employee staff costs</b>	<b>5,371,552</b>	<b>5,039,776</b>
<b>Amounts payable in respect of staff on secondment, agency/temporary staff, and contract staff</b>	<b>1,366,798</b>	<b>1,165,593</b>
<b>Total staff costs</b>	<b>6,738,350</b>	<b>6,205,369</b>

The Office of the Police Ombudsman for Northern Ireland meets all of the staff costs for seconded staff as these are incurred. Although these costs are fully re-charged to the Office, the seconding organisation remains the permanent employer with responsibility for their pay, allowances and pension.

#### 4.2 The average number of full time equivalent persons employed during the period were as follows:

	2013-14 No.	2012-13 No.
<b>Directly employed Police Ombudsman staff</b>		
Management and executive	7	6
Administrative and support staff	31	32
Complaints and investigation staff	82	82
<b>Seconded, agency/temporary and contract staff</b>		
Management and executive	1	1
Administrative and support staff	6	7
Complaints and investigation staff	24	18
<b>Total average number of full time equivalent persons</b>	<b>151</b>	<b>146</b>

#### 4.3 Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£25,000 - £50,000	-	1	1
<b>Total number of exit packages</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>Total resource cost £</b>	<b>-</b>	<b>25 - 30k</b>	

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in the full year of departure. During the course of the year, the position of Director of Research and Performance in the Office was suppressed as part of wider cost saving measures. Mr G Mullan, former Director of Research and Performance, left the Office on 31 January 2014 under a voluntary redundancy agreement. He received immediate payment of his pension and lump sum plus a compensation payment of £25 – 30k. There were no other redundancy or other departure cost incurred during the year to 31 March 2014. Nil for the year to 31 March 2013.

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#### 4.4 Police Ombudsman's Remuneration

During the year the Police Ombudsman's total remuneration, including benefits in kind, but excluding pension contributions, was £131,300. His total remuneration during the year ended 31 March 2013 was £91,049 (which equates to £128,296 on a full year equivalent basis).

The Police Ombudsman received no benefits in kind during the year (£ Nil for the year ended 31 March 2013).

The Police Ombudsman is a member of the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS (NI)]. For the year ended 31 March 2014, £32,825 was payable in respect of the Police Ombudsman's pension contributions by the Office. For the year ended 31 March 2013 an amount of £22,762 was payable. Further details on the PCSPS (NI) Nuvos scheme can be found in the remuneration report on pages 25 to 30.

#### 4.5 Pensions

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS (NI)] is an unfunded multi-employer defined benefit scheme. The Office of the Police Ombudsman for Northern Ireland is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010. The pension scheme liability reported in the DFP Superannuation and Other Allowance Resource Accounts last year was as at 31 March 2010, however, work is ongoing to provide a report on an updated valuation as at 31 March 2012 for the basis of the actuarial valuation rolled forward to the reporting date of the DFP Superannuation and Other Resource Accounts for 2014.

For the year ended 31 March 2014, employers' contributions of £870,103 were payable to the PCSPS (NI) (£817,977 for the year ended 31 March 2013) at one of four rates in the range 18% to 25% of pensionable pay (18% to 25% for the year ended 31 March 2013), based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2014-15 the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account which is a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. Additionally 0.8% of pensionable pay is payable to PCSPS(NI) by employers to cover the cost of the future provision of lump sum benefits of death in service and ill health retirements of these employees. There were no employer's contributions paid to the appointed stakeholder pension providers during the year (£nil for the year ended 31 March 2013).

There were no ill health retirements for the year ended 31 March 2014 (nil for the year ended 31 March 2013).

The Remuneration Report on pages 25 to 30 contains detailed pension information.

## 5 Other Expenditure

	Note	2013-14		2012-13	
		£	£	£	£
Travel and subsistence		116,924		88,461	
Training, recruitment and other personnel costs		434,478		524,574	
Rates, maintenance, electricity and other accommodation costs		543,568		515,129	
Consultancy and legal costs		33,810		30,495	
Information and media		103,442		112,216	
Printing, stationery, postage and office equipment		112,813		123,517	
Direct case investigation costs		62,717		53,726	
Computer support including maintenance and telecommunications		435,830		378,280	
Other costs		93,157		71,924	
Operating leases - photocopying machines		5,308		9,051	
Operating leases - other (rent & car leases)		335,992		354,714	
External audit fee		12,100		12,100	
			2,290,139		2,274,187
<b>Non cash items:</b>					
Provisions - provided in year	11	51,398		95,000	
Provisions - released in year not required	11	(20,139)		(104,901)	
Depreciation and amortisation of assets:					
Property, plant and equipment	6	300,132		292,644	
Intangible assets	7	207,716		181,402	
Revaluation of assets – gains/(gains)					
Property, plant and equipment	6	(69,885)		(72,649)	
Intangible assets	7	1,441		(6,379)	
Disposals of assets - write-off					
Property, plant and equipment	6	3,761	474,424	-	385,117
<b>Total expenditure</b>			<b>2,764,563</b>		<b>2,659,304</b>

## 6 Property, plant and equipment

2013-14	Buildings, leasehold improvements £	Furniture & fittings £	Information technology £	Total £
<b>Cost or valuation</b>				
At 1 April 2013	420,000	456,146	818,887	<b>1,695,033</b>
Additions	37,915	3,055	256,312	<b>297,282</b>
Revaluation	(137,915)	5,417	(11,945)	<b>(144,443)</b>
Disposals	0	(45,670)	(30,422)	<b>(76,092)</b>
<b>At 31 March 2014</b>	<b>320,000</b>	<b>418,948</b>	<b>1,032,832</b>	<b>1,771,780</b>
<b>Depreciation</b>				
At 1 April 2013	-	349,598	681,963	<b>1,031,561</b>
Charged in year	210,000	33,255	56,877	<b>300,132</b>
Revaluations/Back log	(210,000)	3,999	(9,745)	<b>(215,746)</b>
Disposals	-	(45,670)	(26,661)	<b>(72,331)</b>
<b>At 31 March 2014</b>	<b>-</b>	<b>341,182</b>	<b>702,434</b>	<b>1,043,616</b>
<b>Net book value at 31 March 2014</b>	<b>320,000</b>	<b>77,766</b>	<b>330,398</b>	<b>728,164</b>
Net book value at 31 March 2013	420,000	106,548	136,924	663,472

2012-13	Buildings, leasehold improvements £	Furniture & fittings £	Information technology £	Total £
<b>Cost or valuation</b>				
At 1 April 2012	550,000	399,548	782,734	<b>1,732,282</b>
Additions	-	46,252	33,173	<b>79,425</b>
Revaluation	(130,000)	11,635	87,506	<b>(30,859)</b>
Disposals	-	(1,289)	(84,526)	<b>(85,815)</b>
<b>At 31 March 2013</b>	<b>420,000</b>	<b>456,146</b>	<b>818,887</b>	<b>1,695,033</b>
<b>Depreciation</b>				
At 1 April 2012	-	309,511	621,310	<b>930,821</b>
Charged in year	183,333	32,322	76,989	<b>292,644</b>
Revaluations/Back log	(183,333)	9,054	68,190	<b>(106,089)</b>
Disposals	-	(1,289)	(84,526)	<b>(85,815)</b>
<b>At 31 March 2013</b>	<b>0</b>	<b>348,598</b>	<b>681,963</b>	<b>1,031,561</b>
<b>Net book value at 31 March 2013</b>	<b>420,000</b>	<b>106,548</b>	<b>136,924</b>	<b>663,472</b>
Net book value at 31 March 2012	550,000	90,037	161,424	801,461

The Office of the Police Ombudsman for Northern Ireland owns all its assets and has no finance leases.

IAS 16 requires measurement at fair value. Management considers open market value to be the best available estimate of fair value. Leasehold improvements have been valued by the Land and Property Services (Valuations) on the existing use basis at £320,000 as at 31 March 2014 (£420,000 as at 31 March 2013). The open market valuation at that date was £nil (£nil at 31 March 2013).

All other assets were re-valued on the basis of the latest available indices as at 31 March 2014. This has resulted in an increase in valuation of £71,303 as at 31 March 2014, which has been analysed below.

Analysis of property, plant and equipment revaluations	2013-14		2012-13	
	Revaluation Reserve	Comprehensive Expenditure Account	Revaluation Reserve	Comprehensive Expenditure Account
	£	£	£	£
Buildings - leasehold improvements	-	72,085	-	53,333
Fixtures & fittings	1,418	-	2,581	-
Information technology	-	(2,200)	-	19,316
	<b>1,418</b>	<b>69,885</b>	<b>2,581</b>	<b>72,649</b>

Analysis of property, plant and equipment payments	Note	2013-14	2012-13 £
Property, plant and equipment additions		297,282	79,425
(Increase)/decrease in accruals related to property, plant & equipment	10	(30,294)	-
Total cash payments for property, plant and equipment		<b>266,988</b>	<b>79,425</b>

## 7 Intangible assets

The Office of the Police Ombudsman for Northern Ireland intangible assets comprise purchased software licences and a bespoke information technology system (Case Handling System – CHS).

2013-14	Information technology, case handling system £	Software licences £	Total £
<b>Cost or valuation</b>			
At 1 April 2013	1,515,032	514,198	2,029,230
Additions	47,180	144,460	191,640
Revaluation	(22,247)	(6,624)	(28,871)
Disposals	-	(126,657)	(126,657)
<b>At 31 March 2014</b>	<b>1,539,965</b>	<b>525,377</b>	<b>2,065,342</b>
<b>Amortisation</b>			
At 1 April 2013	817,605	352,929	1,170,534
Charged in year	173,953	33,763	207,716
Revaluation/Back log	(9,766)	(5,183)	(14,949)
Disposals	-	(126,657)	(126,657)
<b>At 31 March 2014</b>	<b>981,792</b>	<b>254,852</b>	<b>1,236,644</b>
<b>Net book value at 31 March 2014</b>	<b>558,173</b>	<b>270,525</b>	<b>828,698</b>
Net book value at 31 March 2013	697,427	161,269	858,696

2012-13	Information technology, case handling system £	Software licences £	Total £
<b>Cost or valuation</b>			
At 1 April 2012	1,326,665	348,345	<b>1,675,010</b>
Additions	22,710	122,148	<b>144,858</b>
Revaluation	165,657	43,705	<b>209,362</b>
<b>At 31 March 2013</b>	<b>1,515,032</b>	<b>514,198</b>	<b>2,029,230</b>
<b>Amortisation</b>			
At 1 April 2012	602,429	294,948	<b>897,377</b>
Charged in year	160,747	20,655	<b>181,402</b>
Revaluation	54,429	37,326	<b>91,755</b>
<b>At 31 March 2013</b>	<b>817,605</b>	<b>352,929</b>	<b>1,170,534</b>
<b>Net book value at 31 March 2013</b>	<b>697,427</b>	<b>161,269</b>	<b>858,696</b>
Net book value at 31 March 2012	724,236	53,397	777,633

Intangible assets are adjusted to their current value each year by reference to appropriate indices compiled by the Office for National Statistics as at 31 March 2014. This has resulted in an decrease in valuation of £13,923 at 31 March 2014, which has been analysed below.

Analysis of intangible asset revaluations	2013-14		2012-13	
	Revaluation Reserve £	Comprehensive Expenditure Account £	Revaluation Reserve £	Comprehensive Expenditure Account £
Information technology (case handling system)	(12,482)	-	111,228	-
Software licences	-	(1,441)	-	6,379
	<b>(12,482)</b>	<b>(1,441)</b>	<b>111,228</b>	<b>6,379</b>

Analysis of intangibles payments	Note	2013-14 £	2012-13 £
Intangibles additions		191,640	144,858
(Increase)/decrease in accruals related to intangibles	10	(8,070)	-
<b>Total cash payments for intangibles</b>		<b>183,570</b>	<b>144,858</b>

## 8 Trade receivables and other current assets

	2013-14 £	2012-13 £
<b>Amounts falling due within one year:</b>		
Deposits and advances	2,996	3,434
Prepayments and accrued income	105,565	185,173
	<b>108,561</b>	<b>188,607</b>
<b>Amounts falling due after more than one year:</b>		
Prepayments and accrued income	15,515	-
<b>Total</b>	<b>124,076</b>	<b>188,607</b>

## 9 Cash and cash equivalents

	2013-14 £	2012-13 £
Balance as at 1 April	112,113	(93,115)
Net changes in cash and cash equivalents	77,178	205,228)
<b>Balance at 31 March</b>	<b>189,291</b>	<b>112,113</b>
The following balances were held at:		
Commercial banks and cash in hand	189,291	112,113
<b>Balance at 31 March</b>	<b>189,291</b>	<b>112,113</b>

## 10 Trade payables and other current liabilities

	2013-14 £	2012-13 £
<b>Amounts falling due within one year:</b>		
Trade payables	125,490	3,571
Other taxation and social security	5,850	8,978
Employee Benefit Accrual	168,936	165,058
Accruals and deferred income	285,425	363,193
<b>Total</b>	<b>585,701</b>	<b>540,800</b>

Trade payables and other current liabilities include an Inter-Governmental balance of £11,069 (£2,030 in 2012-13) with Forensic Science Northern Ireland (FSNI), one of £40,726 (£58,105 in 2012-13) with the Department of Finance and Personnel (DFP), one of £8,811 (£3,261 in 2012-13) with the Department of Justice (DOJ), one of £Nil (£807 in 2012-13) with the Department of Education and Learning (DEL), one of £239 (£Nil in 2012-13) with the Department for Regional Development (DRD), one of £nil (£38,400 in 2012-13) with the Department of the Environment (DOE) and one of £12,143 (£nil in 2012-13) with the Department of Trade, Enterprise and Investment.

There are no trade payables falling due for payment after more than one year.

## 11 Provisions for liabilities and charges

	2013-14 £	2012-13 £
Balance at 1 April	113,583	183,000
Provided in the year	51,398	95,000
Provisions not required written back	(20,139)	(104,901)
Provisions utilised in the year	(70,842)	(59,516)
<b>Balance at 31 March</b>	<b>74,000</b>	<b>113,583</b>

Provisions for legal claims are made on the basis of all known claims, estimated based on legal advice. The amount which is provided is based on an expected probability basis, where the total probable cost is provided in full if the expected risk of failure is likely to exceed 50% and on full anticipated costs of defending legal actions, where no recovery of such costs is likely.

At 31 March 2014 the Office had ongoing eight cases with an overall provision of £74,000. The provision which has been calculated in respect of these matters is £13,000 for three Judicial Reviews and £61,000 for five civil actions. For six of these cases the provision relates to the legal costs to be incurred in defending these matters, as the expected risk of failure is estimated at 50% or less. For two of the remaining cases the provision relates to an estimate of damages and related costs where it is considered that there is a risk that the Office may not successfully defend these matters. At 31 March 2013 the provision of £113,583 was in respect of two Judicial review matter, four civil actions and one employment matter.

Expenditure is likely to be incurred within one year and no re-imburement is likely to occur.

## 12 Capital commitments

As at 31 March 2014 the Office of the Police Ombudsman for Northern Ireland had a contracted capital commitment with one supplier amounting to £6,840 (£nil as at 31 March 2013).

### 13 Commitments under leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2013-14 £	2012-13 £
<b>Obligations under operating leases comprise:</b>		
<i>Buildings</i>		
Not later than one year	282,000	308,615
Later than one year and not later than five years	-	282,000
Later than five years	-	-
<i>Photocopiers and vehicles:</i>		
Not later than one year	16,854	30,877
Later than one year and not later than five years	-	18,652
Later than five years	-	-
<b>Total</b>	<b>298,854</b>	<b>640,144</b>

### 14 Other financial commitments

The Office of the Police Ombudsman for Northern Ireland has not entered into any non-cancellable contracts.

### 15 Contingent liabilities disclosed under IAS 37

At 31 March 2014 the Office of the Police Ombudsman for Northern Ireland had eight cases which it has provided for, including two that it anticipates it may not successfully defend. In the unlikely event that the Office should lose the cases currently provided for, the estimate of maximum damages and further legal costs that could arise is £418,500 (31 March 2013: £340,500 estimate of maximum damages/legal fees in respect of 4 cases).

### 16 Related-party transactions

The Office of the Police Ombudsman for Northern Ireland is an executive Non-Departmental Public Body sponsored by the Department of Justice during the year ended 31 March 2014.

The Department of Justice is regarded as a related party. During the year the Office of the Police Ombudsman for Northern Ireland has had various material transactions with the Department and with one other entity for which the Department of Justice is regarded as the parent Department, namely Forensic Science Northern Ireland.

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In addition the Office of the Police Ombudsman for Northern Ireland has had various transactions with other Government Departments and some GB police forces.

During the year, none of the key management staff or other related parties has undertaken any material transaction with the Office.

## 17 Financial instruments

Due to the non-trading nature of the activities of the Office of the Police Ombudsman for Northern Ireland and the way in which it is funded as an executive Non-Departmental Public Body, financial instruments play a much more limited role in creating and managing risk than would apply to a non-public sector body. The Office has no powers to invest surplus funds, has limited end year flexibility and must obtain the approval of the sponsoring Department prior to entering into borrowing arrangements. The Office has no current borrowing. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Office in undertaking its activities. The majority of financial instruments relate to contracts to buy non-financial items in line with expected purchase and usage requirements and the Office is therefore exposed to little credit, liquidity or market risk.

## 18 Losses and special payments

There were no losses or special payments for the year to 31 March 2014 (£nil for the year ended 31 March 2013).

## 19 Events after the reporting period

There have been no significant events since the end of the financial year which affects the financial statements.

The financial statements were authorised for issue by the Accounting Officer on 23 June 2014.

## Making a Complaint

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### If you have a complaint about a police officer, you should contact us. You can;

- write to us at the address given below
- call in at the Office between 9 am and 5 pm Monday to Friday
- phone the Office at any time on **0845 601 2931** or **028 9082 8600**; telephone calls to this Office may be monitored for training, quality assurance and other lawful purposes
- send us a fax at any time on **028 9082 8659**
- e-mail us at **info@policeombudsman.org** or

Visit our website at **www.policeombudsman.org**

### You do not have to pay to make a complaint

Police Ombudsman for Northern Ireland  
New Cathedral Buildings  
11 Church Street  
BELFAST  
BT1 1PG

Tel: **028 9082 8600**

Fax: **028 9082 8615**

Textphone: **028 9082 8756**

Email: **info@policeombudsman.org**

Web: **www.policeombudsman.org**

### If you have a complaint about the Office of the Police Ombudsman

The Office of the Police Ombudsman is independent and its decisions are final.

However, you have the right to complain should you not be satisfied with the manner in which the Office dealt with your complaint against police; the behaviour of Police Ombudsman staff; the service we provided; or poor or inefficient management or administration on the part of the Office.

We would ask that you put full details of your complaint in writing. Your complaint will be treated seriously and we will deal with it as quickly as we can.

Full details of the Office's Customer Complaints Policy are available on the Police Ombudsman's web site **www.policeombudsman.org**



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