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For the year ended
31 March 2019
Together with the
Certificate and Report
of the Comptroller
and Auditor General
for Northern Ireland

ANNUAL REPORT & ACCOUNTS

Police Ombudsman for Northern Ireland

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

*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) of Schedule 3 to that Act (as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010).

on 28 June 2019

Glossary of Abbreviations

| | |
|--------|--|
| C&AG | Comptroller and Auditor General |
| CARE | Career Average Related Earnings |
| CETV | Cash Equivalent Transfer Value |
| CHS | Case Handling System |
| CPI | Consumer Prices Index |
| CSP | Civil Service Pensions |
| DoF | Department of Finance |
| DoJ | Department of Justice |
| FReM | Financial Reporting Manual |
| GAD | Government Actuary Department |
| GSOC | Garda Síochána Ombudsman Commission |
| HMT | Her Majesty's Treasury |
| HIU | Historic Investigations Unit |
| IFRS | International Financial Reporting Standard |
| IOPC | Independent Office for Police Conduct |
| IRA | Irish Republican Army |
| MOU | Memorandum of Understanding |
| MSFM | Management Statement and Financial Memorandum |
| NCA | National Crime Agency |
| NDPB | Non Departmental Public Body |
| NIAO | Northern Ireland Audit Office |
| NICS | Northern Ireland Civil Service |
| NIO | Northern Ireland Office |
| NIPB | Northern Ireland Policing Board |
| NIPSA | Northern Ireland Public Service Alliance |
| NIRPOA | Northern Ireland Retired Police Officers Association |
| NISRA | Northern Ireland Statistics and Research Agency |
| PIRC | Police Investigations and Review Commissioner |
| PPS | Public Prosecution Service |
| PSIAS | Public Sector Internal Audit Service |
| PSNI | Police Service of Northern Ireland |
| RIPA | Regulation of Investigatory Powers Act |
| RUC | Royal Ulster Constabulary |
| SCS | Senior Civil Service |
| SMT | Senior Management Team |
| SSRB | Senior Salaries Review Board |
| UDA | Ulster Defence Association |
| UVF | Ulster Volunteer Force |
| VAT | Value Added Tax |

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Foreword by the Police Ombudsman

Welcome to my 7th and final Annual Report as Police Ombudsman for Northern Ireland.

The Office of the Police Ombudsman ('the Office') is relatively small in scale but its existence is an important part of the architecture of police accountability in Northern Ireland. I believe that the most important thing for any public sector organisation to remember is that its function is to provide a service to the public. The Police Ombudsman's Office is tasked to provide an independent, impartial police complaints service for members of the public, for police officers and for the wider community. The work of the Office is often challenging, at times high profile and can be subject of public and political comment. It is within that context that I would particularly acknowledge the work of my staff as they undertake this work with independence, impartiality and integrity. The main purpose of this Annual Report is to provide an account of the work of the Office over the past financial year, including information and statistics to provide an informed view of our performance against the targets we set ourselves in the delivery of our statutory function.

Statistics gathered independently by the Northern Ireland Statistics and Research Agency would seem to indicate that most of the people in the community welcome and value the service we provide. The figures gathered by the Agency earlier this year would indicate that 86% of the population are aware of the service we provide; 80% of the population accept that we carry out our work in an impartial manner and 82% believe this work ultimately helps police do a good job.

The majority of the work carried out by my Office is in dealing with complaints about the conduct of PSNI officers within the last 12 months.

Last year we received 2,627 complaints of this nature. Throughout the year the media has reported on in excess of 60 plus reports we have provided on investigations closed by the Office. I will specifically refer to a number of those matters, however as you read further in this document we have provided you further examples of such investigations.

Perhaps one of the most significant of those cases related to a complaint which made allegations about the conduct of many of the most senior officers delivering policing in Northern Ireland. We received more than 60 allegations about a police investigation into the PSNI's awarding of contracts worth around £15 million and investigations into Bribery and Misconduct in a Public Office relating to the actions of both serving and retired senior officers. My investigators interviewed more than 30 witnesses, examined all the relevant material and carried out a number of searches on the PSNI estate. In May 2018 we published the outcome of that investigation, which found no evidence that the PSNI Chief Constable George Hamilton, members of his senior management team and other named senior police officers, were involved in criminality or misconduct.

In September 2018, I published the findings of an investigation which found that police had failed Maria Cahill and two other women in how they had dealt with reports of alleged child abuse. We found that the Royal Ulster Constabulary (RUC) had information about the alleged abuse ten years earlier but did not investigate it. I was satisfied, however, that current police policies and practices would require such information to be investigated today.

While the majority of our work concerns dealing with complaints about modern policing, we continue to receive and deal with complaints about the conduct of police officers during the period known to us all as ‘the Troubles.’ The issue of dealing with the past has drawn upon a lot of the resources of my Office.

In November, the High Court rejected an application to quash my report into events connected to the 1994 killings in Loughinisland. Mrs Justice Keegan rejected an argument that the Police Ombudsman does not have the legal authority to publish reports about his/her investigations and cannot determine if they believe collusion played a part in the events in question. She took the view that there is an obligation to investigate such matters and a strong public interest to know the outcome. That judgement is now being appealed.

In October 2018, we published the findings of an investigation which found no evidence to indicate that RUC officers were complicit in the murder of Constable John Larmour, who was shot dead by the Irish Republican Army (IRA) on the evening of Tuesday 11 October 1988 in an ice cream parlour on the Lisburn Road in Belfast. My Investigators interviewed more than 40 witnesses, many of whom were retired police officers, looked at case papers and forensic files and examined intelligence held by police. We found no evidence to suggest that Special Branch, or any other element within the RUC aided, abetted, counselled or procured Constable Larmour’s murder, nor that they could they have prevented it.

Also that month we published the finding of an investigation which looked at alleged failures in the police investigation into the death of Robert

McCartney who died following an attack on him in Belfast in 2005. The investigation assured me that the fact no one has been convicted for Robert’s murder cannot in any way be attributed to the work of the police in gathering evidence.

In February of this year, we informed a number of families who had made complaints to this Office about matters connected to ‘the Troubles’ that we had identified newly available significant, sensitive information which would cause a delay in finishing some investigations. This information is held by police but had not previously been provided to our investigators. Following on from this, police also identified a computer system which they say had not been properly searched when responding to previous requests for information. In the interests of public confidence in policing, I asked that an independent review be carried out into the methods police use in meeting their disclosure commitments. The Criminal Justice Inspectorate is now carrying out that review.

As this is my last Annual Report I have had time to reflect on the last seven years as Police Ombudsman and the body of work which has been delivered.

The investigations delivered by my Current Directorate have been amongst the most significant produced by this Office. They include: the non-substantiation of allegations that police officers stood by and allowed the murders of Mr McDaid in Coleraine and Mr Fox in Belfast; that police failed to adequately investigate the disappearance of a number of high risk missing persons, the identification of police failings into the release of a man who went on to murder two people and the release of a report last year which cleared the Chief Constable and members of his senior command team of criminal and

misconduct allegations into their role in a police investigation into the purchase of equipment.

We have also made a number of important policy recommendations which have contributed to the improvement in policing in Northern Ireland.

Similarly, my History Directorate has delivered a number of high profile and often controversial investigations into legacy matters, including an investigation into the failure of police to warn the public that a bomb had been planted in an area of Londonderry. Four people who went to check on a neighbour died when the bomb exploded. We also discounted allegations that there was collusion between the police and loyalist paramilitaries in the attempted murder of Gerry Adams. Our work also included investigations into what the police knew about the murder of Sergeant Joe Campbell, the informant known as “Stakeknife”, and the police investigation into the murders at Loughinisland.

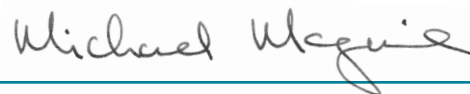
This is a body of work of which I am extremely proud. It has been delivered in often difficult circumstances including considerable organisational change, including on-going funding issues, external legal challenges to the work of the Office and at times some hostile media misrepresentation of what we do. It is a tribute to the staff in the Office that they have not been deflected from impartial and independent investigations. They are the bedrock of the Office upon which its good work rests and my thanks to them for their work over the last seven years.

I would also wish to pay tribute to Adrian McAllister, our former Chief Executive, who stood down from his post last year for health reasons. Adrian was a valued colleague and friend who

helped me rebuild this Office and we all wish him well in his road to recovery. Adrian was replaced in post by Mrs Olwen Laird, our former Director of Corporate Services. She too has been a valued servant of the Office for many years and is someone who I know will seek to ensure its continued independence in the coming years.

The work of the Police Ombudsman’s Office has been recognised nationally and internationally. A recent report by the Parliament of Victoria in Australia noted “The Police Ombudsman for Northern Ireland is often regarded as the ‘gold standard’ in complaints-handling and oversight systems and an exemplary Civilian Control System. For example Professor Peter Prenzler concluded that ‘the office appears to have been successful and it remains the standout agency internationally.’ This view was reflected in much of the evidence the Committee received in this inquiry.”

It has been an honour and a privilege to have served as Police Ombudsman since July 2012. As I step down from the post of Police Ombudsman, let me congratulate Marie Anderson on her appointment as my successor. I am sure she will continue to provide a police complaints service which will be independent, impartial and for the good of all the community.



Dr Michael Maguire

Police Ombudsman for Northern Ireland

Performance Report

Overview

The purpose of this Overview section within the Annual Report and Accounts is to provide sufficient information to ensure that the remit and purpose of the Office is understood. It includes a statement from the Accounting Officer on the overall performance of the Office during the financial year. It also includes an explanation of the statutory duties and background to the Office, the key issues and risks that could affect the Office in the delivery of its objectives and a performance summary.

Statement from the Chief Executive

I took up post as Chief Executive on 1 November 2018. Prior to that, I had been designated as interim Accounting Officer following the absence of the former Chief Executive, Mr Adrian McAllister on a period of extended sickness absence. Mr McAllister formally ceased as Chief Executive on 6 July 2018. As the Chief Executive I am pleased to report on the business and performance of the Office over the last year.

A table detailing performance against the key aims of the Office is included at page 9. In addition, the statistical information referred to in this report is supplemented by a statistical bulletin which can also be found on our website www.policeombudsman.org.

A selection of case studies have been included that seek to demonstrate the variety of the work undertaken by the Office along with some examples of both positive and negative feedback from complainants and police officers.

Overall, the performance of the Office remains strong despite a further reduction to the core budget during the year. Staff in the Office have continued to work with dedication and commitment

to deliver an effective and efficient police complaints system. I would specifically acknowledge the hard work and enthusiasm of the staff within the Office through whom all of the performance which this report highlights would not have occurred.

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 take into account all relevant guidance given by DoF and the Department.

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 in the table on page 8.

The Office complies with the corporate governance and accountability framework arrangements (including *Managing Public Money Northern Ireland*) issued by the Department of Finance (DoF) 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 Belfast International Airport Police, National Crime Agency (NCA) officers in Northern Ireland and Ministry of Defence Police in Northern Ireland. The Office also undertakes investigations into certain complaints about Immigration Officers and Designated Customs Officials when operating in Northern Ireland through a legal framework developed jointly with the Home Office and Department for Justice.

The Police Ombudsman investigates complaints about the conduct of police officers and, where appropriate, makes recommendations in respect of criminal and misconduct matters. The Police Ombudsman also investigates matters referred to him by certain bodies, where appropriate, and reports on these matters to the Department of Justice, the Policing Board and the Chief Constable. In addition, the Police Ombudsman publishes statements 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.

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 DoJ.

THE POLICE (NI) ACT 1998 (AS AMENDED) 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;
- carry out inquiries as directed by the DoJ;
- supply statistical information to the NIPB.
- 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.

| Table 1 - Service Commitments | | Performance against targets | |
|--|--|---|---|
| Key Aim | Targets | 2018/19 | 2017/18 |
| Delivering Excellence in Investigations | Resource and action all complaints and related allegations registered. | 2,627 complaints – 2% increase | 2,578 complaints – 8% decrease |
| | | 4,072 allegations – 5% decrease | 4,286 allegations – 11% decrease |
| | Maintain or increase the number of complaints resolved through Informal Resolution. | 210 complaints – 21% increase | 173 complaints – 3% decrease |
| Maintain Impartiality and Independence in Dealing with Complaints | To maintain a level of 80% public awareness of the Office. | 86% achievement | 86% achievement. |
| | To maintain a level of 80% awareness of the independence of the Police Ombudsman. | 88% achievement | 85% achievement |
| | To maintain a level of 80% confidence that the Police Ombudsman for Northern Ireland deals with complaints in an impartial way. | 80% 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. | 81% achievement | 82% achievement |
| | To maintain a level of 70% of complainants to feel that they have been dealt with fairly by the Office. | 74% achievement | 76% achievement |
| | To maintain a level of at least 70% of police officers subject to investigation to feel that they have been treated fairly by the Office. | 78% achievement | 76% achievement |
| Develop and Implement Standards for the services we provide | Maintain or improve performance against the Service Charter Police Officers - thought they were treated with respect - thought staff were easy to understand - thought staff were knowledgeable - satisfied with the manner in which they were treated - thought their complaint was dealt with independently | 87% achievement 90% achievement 73% achievement 63% achievement 75% achievement | 89% achievement 87% achievement 74% achievement 60% achievement 71% achievement |
| | Complainants - thought they were treated with respect - thought staff were easy to understand - thought staff were knowledgeable - satisfied with the manner their complaint was treated - thought their complaint was dealt with independently | 85% achievement 84% achievement 74% achievement 50% achievement 54% achievement | 86% achievement 82% achievement 74% achievement 49% achievement 54% achievement |
| | The number of complaints against the Office to be no more than in 2017/18. | 35 complaints received | 97 complaints received |
| Focus Efforts in Improving Policing | Continue to work with PSNI and NIPB in identifying how many recommendations have impacted on policing. | 11 recommendations made | 40 recommendations made |

Note: The statistics on complaints and allegations included in this report are taken from a live system and may be subject to future revisions. This means that the total number of complaints and allegations may change slightly from those published in previous Annual Reports or Statistical Bulletins. Revisions can be made for a number of reasons but are mainly due to more information coming to light during the natural course of the Office's work and the system being updated accordingly. Further information may be found in the Annual Statistical Bulletin which is published on our website.

Key Issues and Risks facing the Office

Within the executive processes of the Office, there is an embedded corporate approach to risk management. The risk register is reviewed by Senior Management on a regular basis making the risk register a dynamic document and is 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 and Risk Committee consider the Risk Register at each quarterly meeting. Further information in relation to risk management is contained in the Governance Statement at pages 37 to 44.

There are three key strategic risks facing the Office. These are:

- a risk that the budget allocated to the Office is insufficient for the Office to function effectively in the delivery of its statutory duties and that any further reduction would undermine the capability and capacity of the Office to undertake its statutory functions;
- a risk around the uncertainty surrounding the establishment of an Historic Investigations Unit (HIU) under the Stormont House Agreement which could lead to a number of issues including higher staff turnover in the History Directorate, uncertainty and reduced morale for those permanent staff currently working in the History Directorate and current lack of funding to progress Historic investigations in a timely manner, leading to legal challenge and reputational damage to the Office; and
- a risk that the Office may not successfully defend the Judicial Review by the NIRPOA in relation to publication of the outcome of investigations undertaken by the Office.

Explanation of the adoption of the Going Concern basis

The Office draws cash resource from the DoJ 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 £709,607 (£204,424 for year ended 31 March 2018). It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the Office is financed through Grant in Aid from the Department of Justice which draws its fund from the Consolidated Fund. Therefore there is no liquidity risk in respect of the liabilities due in future years.

Summary of Performance and Forward Look

The Office established an Annual Business Plan for 2018/19 within the context of a three year Corporate Plan. The three year Corporate Plan and the related 2018/19 Annual Business plan were shared with the Department but were unable to be formally approved without a minister due to the absence of the Executive. The four key aims in the three year Corporate Plan and in the Annual Business Plan were:

- Delivering excellence in investigations with impartiality, independence and proportionality;
- Continue to improve delivery against our published standards;
- Enhance knowledge and understanding of the complaints system amongst key stakeholders; and
- Focus on improving policing

The Performance Analysis section provides more detail on how the Office has performed against each of these key aims during the financial year.

Case Study

NO EVIDENCE THAT POLICE PROVIDED DETAILS OF REPUBLICANS TO LOYALISTS

In August 2018, the Police Ombudsman announced that he had found no evidence that police had given information about people connected to a Republican band to a man understood to be a Loyalist in Ballymoney.

Dr Michael Maguire launched an investigation after a restricted email containing the names and addresses of six people connected to the band, as well as the names of a number of police officers, was found lying on a street in the town on 26 March 2016. The email had been in the possession of police officers who had gone to Rasharkin the previous day to deliver a determination on a Republican band parade planned for the village on 27 March 2016. The officers then visited the home of a Loyalist in Ballymoney on official business. The email was handed in to police after being found by a police officer who lived nearby, wedged under a wheel of his car.

The PSNI carried out a risk assessment, informed the people involved, and referred the incident to the Police Ombudsman's Office for independent investigation. The Office also received four public complaints.

When interviewed, the officer said the email had been in the police car when they left Rasharkin, and stated that it had not been taken out when they visited the man in Ballymoney. He could not account for how it had gone missing.

Dr Maguire said: "It is unclear exactly how the document came to be missing, but my investigation found no evidence that it was as the result of a deliberate act by police. What is clear, however, is that the officer responsible failed to take proper care of sensitive personal information." Dr Maguire recommended that the officer should be disciplined, and the PSNI decided to address the failings under performance regulations.

Table 1 provides an overview of the key service commitments derived from the annual business plan for the 2018/19 financial year. Further detailed narrative is included in the Performance Analysis section of this report on pages 12 to 32.

Looking forward, the Office has now established an Annual Business Plan for the year ended 31 March 2020 which is the third Annual Business Plan within the context of the three year Corporate Plan.

Again in the absence of a Minister, this plan has not received formal ministerial approval, but has been shared with the DoJ and will be used to monitor performance across the year ahead. The four key aims in the three year Corporate Plan as outlined above remain appropriate for the Annual Business Plan for 2019/20.

Performance Analysis

Operational Performance

Investigations within the Office are investigated within two separate Investigation Directorates. The core business of the Office is the receipt and investigation of complaints and referrals that relate to contemporary policing in Northern Ireland. The handling and investigation of these complaints and referrals is undertaken by the Police Ombudsman's Current Directorate. In addition the Office continues to investigate historical matters that are considered by the Ombudsman to meet the statutory test for investigation. The majority of those investigations relate to deaths prior to 1998 associated with what is referred to as the 'Troubles' in Northern Ireland. These investigations are undertaken within the Historic Investigations Directorate.

Current Investigation Directorate

The Office received 2,627 complaints during 2018/19, representing an increase of 2% if compared to 2017/18 when 2,561 complaints were received. This halted a trend, originating in 2013/14, in which the Office had experienced year on year reductions in the numbers of complaints received against police officers.

The marginal increase in complaints during 2018/19 is largely attributable to the Office more accurately formally recording instances in which police provide 'notifications' of incidents that have attracted neither public complaints nor referrals by the Chief Constable. This mechanism enables an assessment by the Office as to whether the Police Ombudsman should exercise his 'Call In' powers to initiate investigations.

The Chief Constable made 13 referrals to the Office during 2018/19, a similar number to that received in 2017/18 when 12 were received. The Police Ombudsman exercised his 'Call In' powers on 7 occasions during the year, including a number associated with fatal road traffic collisions.

Investigations undertaken by the Current Investigations Directorate are categorised as A, B or C, dependent on the nature and complexity of the matters involved. This enables a proportionate response and the application of tiered quality assurance mechanisms, as further discussed under Key Aim 1.

Category A generally involve loss of life or serious injury, serious sexual assault, discharge of firearms and other allegations of serious police malpractice. Such matters are normally allocated to the Significant Cases Teams.

Category B includes allegations of significant physical injury, theft or fraud, discriminatory behaviour, serious neglect of duty associated with the outcome of criminal investigations and/or court proceedings and improper disclosure of information. These cases are generally allocated to the CORE Investigation Team.

Category C cases involve allegations of incivility, use of excessive force not accompanied by significant injury and less serious breaches of police procedure and/or associated legislation. On most occasions this level of casework is retained by the Initial Complaints and Investigation Team who provide the gateway through which complaints are received.

Case Study**OFFICER DISCIPLINED FOR ERROR WHICH ALLOWED MAN TO AVOID DRUG SANCTION**

In June 2018, the Office revealed that a man who received an adult caution for possessing Class B drugs had had the sanction overturned because a police officer had changed the address on a search warrant.

Enquiries established that a Lay Magistrate had signed both the warrant application and the warrant itself. However, shortly before the search was about to begin, an officer became aware that the address on the warrant was incorrect. He told Police Ombudsman investigators that as the Lay Magistrate had authorised the correct address on the application, he did not think it would be necessary to prepare a new warrant.

However, the change invalidated the warrant and led the Public Prosecution Service to rescind the caution, imposed after a small amount of herbal cannabis was found during a search in Belfast in January 2016.

The officer accepted that his decision to strike out the wrong address and write in the correct one was an “administrative error” - perhaps due to a lack of concentration or distraction.

The Police Ombudsman concluded that the officer had “made a conscious decision to correct the warrant without proper consideration of the possible consequences.” He recommended that the officer be disciplined, and the PSNI subsequently implemented the recommendation.

In June 2016 the new Police (Conduct) Regulations (Northern Ireland) were introduced, altering the manner in which the Police Ombudsman makes recommendations to the PSNI in relation to misconduct and/or performance matters. The new Regulations introduced the concept of a misconduct meeting at which a police officer may be dealt with by management advice, written warning or final written warning. The facility to recommend a misconduct hearing in respect of the most serious misconduct is also available to the Police Ombudsman.

During 2018/19 the Police Ombudsman recommended that a misconduct meeting be held on 68 occasions of which 53 were for management advice, 14 for written warnings and one was for a final written warning. The Police Ombudsman also made 55 recommendations to the PSNI in relation to performance matters. On 8 occasions the Office made recommendations for the prosecution of police officers.

In 2018/2019 the Police Ombudsman made 11 policy recommendations to police for operational changes arising from issues which have been identified during the course of our investigations. Three of these recommendations, which related to such matters as the recording and audit trails associated with the return of property to detained persons; and the procedures associated with the preparation of files sent to the Public Prosecution Service, were not implemented as police deemed there to be adequate measures already in place. A response is awaited in respect of 8 of the

recommendations, which relate to such matters as consistency in procedures at different Custody Suites; current procedures and training in respect of dealing with traffic incidents on motorways; the recommendation to review and update a Service Procedure relating to police response to stalking and harassment; the recommendation to review the processes associated with the completion and updating of search records; and the recommendation to provide training and arrange for any necessary process/guidance amendment in respect of a particular police process.

Case Study

OFFICER DISCIPLINED OVER INTERFERENCE AT WIFE'S WORKPLACE

A police officer who used his position to interfere in matters at his wife's place of work was disciplined as a result of two separate investigations by the Police Ombudsman's Office, it was revealed last July.

The Office investigated two separate complaints from his wife's work colleagues. One was from a supervisor who stated that the officer came to her work to question her about a work-related incident involving his spouse. She said the officer had asked about how to access CCTV footage and taken notes before advising her that the issue was now a police matter. Witnesses stated that the woman was shaken and upset by the encounter.

When questioned, the officer accepted that he had been acting in the interests of his wife, but denied having caused distress.

Five months later, a director at the organisation made a complaint after the officer used the PSNI email system to send an email containing references to the supervisor to her manager. The director complained that the officer was abusing his position as a police officer to interfere in the operation of his organisation in a way which was oppressive.

Both complaints were upheld, and the Police Ombudsman recommended that the officer should be disciplined for breaches of the Police Code of Ethics. The officer subsequently received a formal misconduct sanction.

Historic investigation Directorate

During 2018/19 the History Directorate caseload was 426 cases, of which 102 are subject of active enquiries or preparation of final reports.

The Directorate completed the third year of a major investigation relating to a series of attacks during the 1970s which resulted in the murders of more than 120 people, all of which have been attributed to the 'Mid-Ulster' UVF (Ulster Volunteer Force). It had been anticipated that this investigation, in which almost 50 complaints are consolidated, would have been completed within the reporting period but due to resourcing pressures and a continuing significant line of enquiry this has not been possible.

The Directorate continue to progress an investigation relating to the murders of ten workmen at Kingsmills in 1976 which has been pursued in parallel to the related Inquest and we continue our joint enquiries with Operation Kenova, relating to murders allegedly committed by the IRA's internal security unit, principally the person known as 'Stakeknife'.

It had been hoped that within 2018/19 two complex investigations, amongst others, would have advanced to the publication of a Public Statement. One of these complex matters examined the police investigation into 19 murders and 2 attempted murders attributed to the North West Ulster Defence Association (UDA) which includes the attack at Greysteel in 1993 in which 8 people died. The other examined the police investigation into 12 murders and 1 attempted murder largely attributed to South Belfast UDA and includes the attack at Sean Graham Bookmakers in 1992 in which 5 people died.

It was not possible to finalise and publish statements in respect of historic investigations during the year chiefly because of two matters. The first concerns legal challenges to the manner in which the Police Ombudsman seeks to articulate his findings. It is hoped that related judicial review proceedings will conclude during the first half of 2019/20 in order that outcomes of matters which have been investigated can be communicated to the concerned bereaved families. Secondly during the latter part of 2018 we identified significant, sensitive new information, some of which related to covert policing, which had been previously undisclosed by the PSNI during the course of a number of our investigations. This previously unseen information has generated new lines of enquiry in some cases and this has caused an unavoidable delay to the scheduling of our Public Statements.

The funding made available by the Department of Justice to investigate these cases supports 30 staff at all levels within the Directorate and in supporting roles. Whilst this resource is welcome, it is not sufficient to address these cases in a timely way. A previous business case for additional resources was not supported pending the expected establishment of an Historical Investigations Unit (HIU) as part of the implementation of the Stormont House Agreement. The release of additional funding by the Department to support these investigations or transfer of this work to a new body remains contingent on political agreement. The continuing uncertainty around the implementation of the HIU and a timeframe for this has made it difficult to resource and plan accordingly. In light of ongoing delays the Office will seek funding through a new business case for additional resources to progress this work.

Performance against Business Plan

As outlined above the Office had an Annual Business Plan for the year ended 31 March 2018 set within the context of a three year Corporate Plan for the period 2017/18 to 2019/20. The Annual Business Plan set out the following four key aims;

- Delivering excellence in investigations with impartiality, independence and proportionality;
- Continue to improve delivery against our published standards;
- Enhance knowledge and understanding of the complaints system amongst key stakeholders; and
- Focus on improving policing.

These key aims were established by the Police Ombudsman in conjunction with the Senior Management Team along with indicators and targets to underpin the key aims. Progress was reviewed throughout the year and where necessary steps were taken both to maintain performance and to focus effort on those targets requiring attention. Reports were also provided to the Department of Justice Accounting Officer through the governance arrangements between the Office and the Sponsor Department, Policing Policy and Strategy Division.

“

“If you do your role / job accordingly and to the law you have nothing to fear. People make complaints for complaints sake and I have never been afraid of any complaint received I have always found them (the Police Ombudsman’s Office) to be true and professional.”

PSNI Officer

Key Aim 1

Excellence in investigations

Consolidation of a ‘Quality Assurance’ strategy, including further development of underpinning mechanisms, was a principal area of focus for the Current Investigations Directorate during 2018/19.

An Investigation Support Team was established during the year in order to centralise and lead on development of this strategy. The Unit is responsible for undertaking reviews of certain Category A investigations, conducting thematic inspections, policy development, leading on customer service initiatives, co-ordinating the Directorate’s professional capabilities, managing public facing reporting and other activities associated with service improvement.

A second Significant Case Team was formed during 2018/19. The main role of this team is to examine complaints linked to post Good Friday Agreement murder investigations and serious sexual offences, including those of a historic nature. This is intended to ensure that such matters receive prompt and specialist attention rather than being distributed within caseloads assigned to individual investigators elsewhere in the Directorate.

An important element of the quality of the Police Ombudsman’s service is the timeliness of investigations, related to which is maintaining caseloads at an operationally effective level. Consequently, the following targets were set for the Current Investigations Directorate during 2018/19:

- 85% of Category A complaints to be investigated within 230 working days

- 80% of Category B complaints to be investigated within 110 working days (with the caseload of the CORE Investigation Team not to exceed 300 cases)
- 85% of Category C complaints to be investigated within 90 working days (with the caseload of the Initial Complaints and Investigations Team not to exceed 300 cases)

The Directorate concluded 14 Category A investigations during 2018/19 of which 8, or 57%, were completed within 230 working days. This outcome was not reflective of the complexity of the relatively small numbers of Category A cases that were brought to a conclusion during the year and consequently the 2019/20 target for this category of work will focus on not only timeliness but also the broader quality of such investigations.

The CORE investigation team completed 68% of its investigations within 110 working days and consequently the corresponding target was not achieved, albeit the team's monthly average caseload was maintained at 192 cases. By way of comparison, during 2016/17 and 2017/18 the Office completed 60% and 72% of Category B investigations within 110 days.

During 2018/19, 92% of Category C investigations were completed within 90 working days with the monthly caseload of the Initial Complaints and Investigation Team averaging 251 cases. Both targets for this area of the Current Investigations Directorate's business were therefore achieved.

The Office closed 2,660 complaints during 2018/19 which is 33 more than it received. A total of 214 complaints to the Office were informally resolved, an increase of 30% from 2017/18 during which 165 cases were resolved through the same process.

During 2018/19 the Office concluded a number of investigations which attracted considerable public interest.

In April 2018 the Police Ombudsman concluded an investigation of complaints against a number of PSNI officers relating to their handling of allegations of corrupt practice. Due to the senior level at which many of these complaints were levelled, the investigation had the potential to have a significant impact on confidence in policing. Our capacity, therefore, to extract a small team of investigators to enable a thorough and timely investigation, which concluded there was no evidence to support the allegations, demonstrated the continuing importance of appropriate levels of resourcing for the Office.

In September 2018 the Police Ombudsman concluded an investigation of complaints made by a victim of sexual abuse concerning the manner in which police had responded to relevant intelligence and the conduct of their subsequent investigation. Central to the investigation were issues that attracted significant public interest and controversy. The importance of the Office's independence and ability to have unfettered access to sensitive information held by the PSNI were particular features of the investigation, the outcome of which was accepted by the parties involved.

“

“Service provided was first class and very professionally presented”.

Complainant

Key Aim 2

Continue to improve delivery against our published standards

The Police Ombudsman's Service Charter details the way in which staff should deliver services to the public, police officers and each other and reflects our organisational commitment to our Corporate Values. Each year the Office conducts surveys of complainants and police officers who had an interaction with the Office during the year against the performance measures set by the Charter.

For the 2018/19 year we set a target that 90% of people who made complaints and police officers who were subject to complaint would feel that they had been treated with respect. The surveys which were carried out indicated that 85% of the public and 87% of police found this.

We sought to ensure that 90% of people who made complaints and police officers who had been subject of complaint would consider that our staff were easy to understand. The survey reported that 84% of complainants and 90% of police officers found this.

We sought that 90% of people who made complaints and police officers who had been subject of complaint would consider that our staff were knowledgeable. The survey reported that 74% of complainants and 73% of police officers considered this to be the case.

We set a target that 80% of people who made complaints and police officers who had been subject of complaint would consider that we have treated their issue in an independent manner: 54% of complainants and 75% of police officers reported this.

During 2018/19 the number of complaints against the Office significantly decreased to 35 complaints from 97 complaints received during 2017/18. Further information on complaints received by the Office is detailed on page 24.

“

“I was delighted with the way I was treated and dealt with. The person dealing with the case was very helpful and professional from start to finish....”

Complainant

“

“I have no faith in your Office whatsoever. You conduct a poor investigation and yet lecture police on the standard of theirs”.

PSNI Officer

Key Aim 3

Enhance knowledge and understanding of Office Complaints System amongst key stakeholders

A key requirement of the Police Ombudsman's Office is that people are aware of the police complaints system and have confidence in it. Each year we set targets which we consider indicate whether or not we are meeting this requirement. We employ the Northern Ireland Statistical Research Agency (NISRA) to measure public attitudes to the Office, with a particular focus on whether we have met the targets which have been set.

We set a target for 2018/19 that 80% of those who responded to a public survey would be aware of the Office, would be aware that we are independent of the police and would have confidence that we deal with complaints in an impartial manner.

86% of the people who responded to the survey in February 2019 had heard of the Police Ombudsman's Office. Of those respondents who had heard of the organisation, 88% knew that we are independent of the police and 80% were confident that we deal with complaints in an impartial manner. These are impressive figures and we will continue to publish information about our cases in the hope that we will improve on the public's already high level of confidence in our impartiality.

During 2018/19, we used a variety of methods in seeking to provide the public and the police with detailed information about our work. We issued more than 50 statements about our investigations and other work of the Office to television, radio, newspapers and social media outlets. We also try where possible to deepen understanding of the nature of our work and during the year we had more than 70 face to face meetings with key stakeholders and others in the community to talk about and listen to their views of the service we provide.

Case Study

OFFICER CLEARED OF FAILING TO INVESTIGATE CAVE HILL 'SABOTAGE'

In February 2019, the Office issued a press release which rejected claims that a police officer had failed to properly investigate acts of 'sabotage' on mountain bike trails on Belfast's Cave Hill.

The officer, who had been investigating reports of obstacles being placed on the tracks to cause injuries to riders, was also accused of being biased. The complaint arose amidst wider disagreements between mountain bikers and walkers, and concerns over the safety of both groups.

Police Ombudsman investigators found that the officer had taken appropriate action after being supplied with video footage of items being placed on the trails. He had examined the footage, spoken to witnesses and recorded statements. He also sought advice from police lawyers and the PPS as to whether any offences had been committed, and followed through on the advice.

The investigation also found that the officer, who attended a public meeting at which the issue was discussed, had not been biased in his approach. Records of the meeting showed that he had raised public safety concerns about the trails being used by both mountain bikers and walkers at the same time.

Key Aim 4

Focus our efforts on improving policing

The Police Ombudsman's Office, which deals with all public complaints about the conduct of police officers, is in a unique position to see when things go wrong in the interaction between those officers and members of the public. The Office is committed to providing police with this useful information which can be used to help improve policing and reduce issues which may bring about complaint. The Office has two main methods for doing this: it makes recommendations for improvements to police policies and procedures and it discusses with senior police officers trends and patterns in complaints.

During 2018/19 the Police Ombudsman's office made 11 policy recommendations to police for operational changes arising from issues which have been identified during the course of our investigations.

Four of these recommendations which related to such matters as consistency in procedures at different Custody Suites; and the recording and audit trails associated with the return of property to detained persons, were not implemented as adequate procedures were deemed by police to be in place already.

“

"I feel I was treated fairly and with respect and the process was explained thoroughly to me".

PSNI Officer

A response is awaited in respect of 7 of the recommendations, which relate to such matters as current procedures and training in respect of dealing with traffic incidents on motorways; the recommendation to review and update a Service Procedure relating to police response to stalking and harassment; the recommendation to review the processes associated with the completion and updating of search records; and the recommendation to provide training and arrange for any necessary process/guidance amendment in respect of a particular police process.

Each month the Office provides the police with the numbers of complaints made about their officers, where they have been made and the issues complained of. Senior investigators from the office meet regularly with senior officers in each of the PSNI Districts to provide them with statistical and other information which may help them identify issuers of possible concern in their area. Feedback from the PSNI tells us that these officers find this information very helpful.

“

"The length of time to conduct investigations is far too long".

PSNI Officer

“

"I was treated with respect and felt listened to and understood which was very important to me and to the nature of my complaint. The process was explained very well and I would have no hesitation in telling others that this is a fair and independent service for everyone..."

Complainant

Surveys

The Office has a statutory objective to secure the confidence of the public and the police through the efficiency, effectiveness and independence of the police complaints system that it provides. As part of our programme of continuous improvement, the Office commissions regular surveys of those who have made a complaint to the Office, officers who have been subject of complaint and the public in general.

“

“Disgusted at the outcome. Police get away with lies again, totally disgraceful. Job not well done”.

Complainant

Public Attitudes towards the Office

Each year the Office commissions an annual survey of public awareness of the police complaints system. Results from the 2018/19 survey indicate that public awareness remains at a high level.

86% of respondents were aware of the Police Ombudsman. Of those respondents that had heard of the Police Ombudsman, 88% knew that the Office was independent of the police and 80% were either fairly confident or very confident that complaints are dealt with in an impartial way. In addition, 82% of respondents believed that the Police Ombudsman would help ensure that police in Northern Ireland do a good job.

Case Study

POLICE OFFICER CLEARED OF SEXUAL ASSAULT

In October 2018, the Office issued a press release which stated that a police officer had been cleared of allegations of sexually assaulting a woman he had arrested for drink driving.

The woman claimed that as she was being arrested at her Belfast home, the arresting officer put his hands up her hoodie, pushed up her bra and touched her inappropriately. She also alleged that a female officer had grabbed hold of her hood and trailed her to the floor of a police Land Rover, and that another had struck her in the ribs, held her down with her knee, grabbed her throat and threatened her.

Police Ombudsman investigators obtained accounts from the four officers who had been at the incident, as well as from a member of the woman's family. They all stated that she had resisted arrest, which led to a violent struggle. They also recalled that her top had risen up as officers attempted to get her into the Land Rover, but none stated that she had been touched inappropriately.

None of the officers were found to have acted inappropriately during the arrest. Investigators also dismissed a claim that the arresting officer had provoked the woman by insisting on a blood sample, despite her fear of needles. CCTV footage from the police custody suite showed that a police doctor had pointed out that she had a tattoo.

An additional complaint that police had damaged her car was rejected after investigators obtained CCTV footage in which she had told police that it had been damaged before her arrest.

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 overall service provided by the Office.

The percentage of officers who felt that they had been treated fairly and with respect was high at 78% and 87% respectively.

Whilst it should be noted that there were other positive messages from the survey in that 90% of officers felt that staff were easy to understand and 73% felt that staff were knowledgeable there is further work to be done to explore the reasons for the levels of dissatisfaction with the service provided.

Complainant Satisfaction

At the end of each month, for all complaints which have reached their final conclusion a questionnaire is sent out to the person who made the complaint.

The results at the end of 2018/19, showed that more than four in every five complainants thought they had been treated with respect (85%) by the member of staff they had been dealing with and a similar proportion thought staff were easy to understand (84%).

However 54% thought their complaint was dealt with independently and 50% were satisfied with the manner in which their complaint was treated. Whilst we accept that the outcome of an investigation may impact the level of satisfaction with that investigation, there is further work to be done to explore the reasons for the levels of dissatisfaction.

Case Study

OFFICER BREACHED HOSTEL'S NO DRINK POLICY

A press release issued by the Office in November 2018 revealed that a police officer had been disciplined for breaching a homeless hostel's policies by climbing in through a window and spending several hours drinking with residents.

An investigation found that the officer – who was off-duty and not in uniform at the time – had a bottle of vodka when he persuaded a hostel resident to let him into the south Co. Antrim facility in April 2016. He later admitted that he knew the hostel had a no alcohol and no visitor's policy, and that its residents included people who were alcohol dependent. He also accepted that he had told residents that he was a police officer, and had produced his warrant card to prove it.

The officer was disciplined after the Police Ombudsman found that his behaviour had the potential to bring the police into disrepute.

The investigation also found that the officer had accessed a friend's police records without authorisation or a policing purpose in May 2013. After investigating the data breach, the Police Ombudsman submitted a file to the Public Prosecution Service, which resulted in the officer receiving an adult caution. When interviewed about the incident at the hostel, the officer accepted that he had been foolish, and had been under the influence of alcohol after making arrangements to visit a friend who lived there.

Our Values and Service Charter

The Office has developed a set of Values and a Service Charter.

Both are important in that they underpin the way the Office operates and set a standard for how all staff are expected to work.

Values

Our Values reflect how we intend to treat those who use our services and each other by being;

- Independent
- Impartial
- Accountable
- Respectful and professional

Service Charter

The Service Charter derives from our Values.

The Charter makes a number of very clear statements about the service the Office seeks to provide;

Being Independent

- *We will investigate complaints free from any influence other than the evidence we have before us*

Being Impartial

- *We will treat people with integrity and fairness*

Being Accountable

- *We will do what we say we will and we will explain our findings clearly and fully*

Being respectful and professional

- *We will treat people with respect and be professional at all times.*

Measuring success

We measure how well we do by asking people who use the service.

The following are examples of the questions, drawn from the Service Charter, which we now ask in measuring our performance.

- *We ask if staff treated respondents with respect and fairness*
- *We ask if they felt staff were knowledgeable and easily understood*
- *We ask respondents how clearly the complaints process was explained to them and how often they were updated*
- *We ask for their views on the quality of our correspondence and on the manner in which we treated their complaint.*
- *We ask them for their views on the time it took us to deal with the complaint*
- *We ask if they felt we dealt with the complaint independently*
- *We ask if they were satisfied with the way we handled the complaint*

Customer Complaints against the Office

Customer complaints received by the Office are categorised as relating to the quality of service provided by staff or, in respect of the outcomes of investigations, sometimes more properly viewed as requests for a review or appeal of an investigation outcome.

Within the year to 31 March 2019 there were 35 complaints received, of which 25 (71%) related to requests for a review of the outcomes of investigations and 10 (29%) to quality of service issues. This represents a significant decrease in the number of complaints from 97 in the year ended 31 March 2018. The decrease may in part be attributed to a review of customer complaints conducted during late 2017/18 the outcome of which has seen the implementation of some of the recommendations flowing from the review which were implemented during 2018/19.

Of the service issues complained about 2 are ongoing. Of the 8 that have been addressed 4 were not upheld, 2 upheld with apologies offered, 1 partially upheld with an apology and explanation offered and 1 could not be progressed due to the lack of co-operation of the complainant.

“

“I couldn’t fault the investigator or member of staff I was dealing with...”

PSNI Officer

“

“It was a complete waste of time. I would not advise any other people to bother. It is just establishment window dressing”.

Complainant

In respect of requests for a review of outcomes of investigations of the 25 matters, 7 remain ongoing. Of the 18 that have been addressed 7 were not upheld, 4 could not be progressed due to a lack of co-operation from the complainants, 3 proceeded to the appeal stage which is currently ongoing and 4 were upheld (resulting in the re-opening of 3 cases and further investigative steps being taken and the identification of a procedural matter in a fourth)

Information on the Office’s Customer Complaint policy is available on our website www.policeombudsman.org.

“

“Your staff are a credit to the Office. X dealt with my case on two occasions now. X is a true gentleman, very understanding and fair and was very happy to accept his findings. He certainly goes the extra mile for your and hope he continues his good work”.

Complainant

Equality Monitoring of Complainants

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.

As in previous years the Office received around twice as many complaints from males as females. Of the complaints received, 12% were made by persons aged 25 and under and just under a quarter were made by persons aged 25 to 34. The community background of complainants reflected the most recent Census. Just over one-third of complainants self-reported having a disability.

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.

“

“The person I was in contact with was very professional in his job, as he explained everything to my satisfaction. He was excellent and is a credit to the Police Ombudsman's service”.

Complainant

Legal Services

During 2018/19, the Office successfully defended a challenge brought by the Northern Ireland Retired Police Officers Association in respect of the powers of the Police Ombudsman, arising from the public statement into the atrocity at the Heights Bar in Loughinisland. The Office continues to be involved in this high profile litigation as the retired officers are appealing the decision of the High Court to the Court of Appeal.

The Office continues to face significant challenges relating to funding of historic investigations. We are presently defending a case before the Judicial Review Court together with the Coroner's Office, the Department and the Secretary of State which relates to delay and infringement of the applicant's Article 2 rights.

The Office has also been involved in complex Third Party Disclosure applications, having recently succeeded in defending one such case before the Master in the High Court. The applicant has now appealed this decision and the Office welcomes the opportunity for further clarification on the legality and mechanisms to be applied to the disclosure process.

The Office continues to assist and support the Coroner's Service in lengthy and complex inquests, such as the Kingsmill Massacre in January 1976, the deaths of John Brady in October 2009 and Steven Colwell in April 2006. It has recently been announced that funding will be made available for outstanding legacy inquests, this will require intensive support from our Office and we remain committed to ensuring the Coroners can effectively exercise their statutory functions, both in preparation for and during those inquests.

Working with other Police Oversight Bodies

The Police Ombudsman continues to engage and communicate with the policing oversight agencies in the rest of the UK, Northern Ireland and the Republic of Ireland and seeks opportunities for shared learning and joint training events in the practices of civilian investigation and oversight of police with the Garda Síochána Ombudsman Commission (GSOC), the Independent Office for Police Conduct in England and Wales (formerly the Independent Police Complaints Commission) and the Police Investigations and Review Commissioner for Scotland (PIRC).

Media and Statistical work

Independent research reflects that most people in Northern Ireland have heard of the work of the Office and that their main source of information has been material they have heard and read on television, radio and in newspapers. Recognising that the 'traditional' media remains a powerful means of providing people with information, the Office regularly provides outlets with information about our work. Last year the Office issued more than 50 public statements, mainly about casework but also about other issues which affect the police complaints system. The Police Ombudsman in his forward has outlined many of the significant investigative findings which we published during the period and which attracted a lot of media coverage and public comment.

The Office is committed to being accountable and transparent in everything it does, including responding to requests from journalists and others in the public arena for information and clarity about our work. Whilst we cannot always provide people with the information they want given the legal framework in which we operate, we ensure that no request for information goes unanswered. Last year the Office responded to several hundred requests from the media and staff from the Office including the Police Ombudsman were interviewed by journalists from both local and national media outlets.

Most of the statistics in this Annual Report were produced by a small Statistical Unit. During the year the Unit continued to streamline its work, seeking to make statistical information as clear and accessible as possible.

While reports, such as the Annual Statistical Bulletin are designed for public consumption, some are geared more towards the particular needs of groups and organisations. The Office produces monthly and quarterly reports to the PSNI which provides them with regular information about trends and patterns in police complaints and helps identify any issues they may need to address. We also provide reports to the Northern Ireland Policing Board which give a profile of complaints received. The Chief Executive meets with the Board twice a year to discuss such topics.

Engaging with the people we serve

While the coverage the Office gets in the media helps to keep the levels of public awareness high, it is also important that we also seek to increase people's understanding of our work. Often the best way to do this is through face to face meetings when we are able to explain the services we provide and listen to any issues or concerns raised. During 2018/19 we held more than 70 such meetings.

Official Requests for Information

While the Office regularly deals with requests for information from complainants, police officers and from the media as part of its normal business, it often gets requests under the Freedom of Information Act or the Data Protection Act. The requests are dealt with separately. Last year we received more than 40 such requests. Most of these were subject access requests from people who had either made a complaint to us or had been the subject of such a complaint.

Case Study

OFFICERS COULD NOT HAVE PREDICTED MAN WOULD KILL

In July 2018, the Police Ombudsman announced his finding that police had acted reasonably when they decided not to arrest a man who was acting irrationally and had repeatedly tried to enter a Belfast flat, and who seven hours later went on to kill his friend.

Ahmed Noor, a paranoid schizophrenic who had been smoking cannabis and had heard voices in his head telling him to attack his friend, stabbed 29-year-old Mohsin Bhatti multiple times at Botanic Avenue in the early hours of 29 January 2015. Police had searched Noor shortly after 10pm on the evening before the killing, after receiving a report that he had tried repeatedly to open the front door of a flat occupied by two women. He was reported to have been "very disorientated" and "unstable."

The Chief Constable asked the Police Ombudsman to investigate whether police had dealt with the call appropriately.

Enquiries found that police had arrived at the scene within six minutes. Officers said Noor was "rambling incoherently" but was compliant and unaggressive. They searched him before deciding that as he had committed no offences, and was not deemed to be a threat to himself or others, there were no grounds for arrest. He was then allowed to leave the area.

Dr Michael Maguire, concluded that the officers had acted properly, having had "reasonable suspicion" to carry out a search but no grounds for an arrest. "They could not have predicted that he would go on to kill just a few hours later," he said.

Noor subsequently pleaded guilty to manslaughter on the grounds of diminished responsibility, and was told that he must serve at least six years' detention before being considered eligible for release.

“

“It is good to know that this service is available to all. I found the people I spoke to, to be very professional, courteous and helpful. I greatly appreciated your assistance and the information you gave”.

Complainant

Long Term Expenditure Trends

The Office as a Non Departmental Public Body is financed by public money. Therefore the overall context of reductions to budgets across the public sector as a whole have impacted on the resources available to the Office.

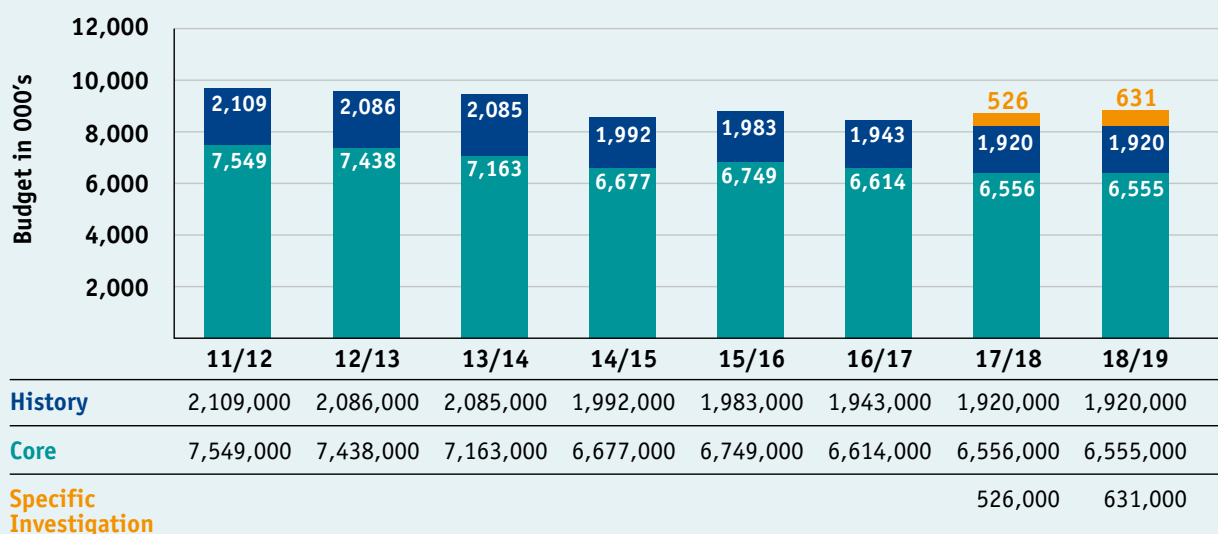
The chart below shows the total resource budget available year on year

For some years, the Office has resources for two distinct areas of work – those relating to Historical matters dating prior to April 1998 and those relating to current investigations and significant matters from April 1998 onwards. During 2017/18 and 2018/19 the Office has received additional separate funding for a specific time bound investigation.

The chart below shows that the overall budget for core work in the Office has been steadily decreasing from £7,847k in 2010/11 to £6,555k in 2018/19 – this is a 16% reduction in cash budgets, the impact of which is greater in real terms due to inflationary rises over the period.

The Office budget for 2018/19 was set at the same level in cash terms as in 2017/18 with a full year budget for the specific investigation – a total budget of £9.1m. This was a welcome reprieve from the successive budget cuts which have been incurred over the last number of years.

Budget by Financial Year £'000's



Case Study

FAILINGS COMPROMISED POLICE INVESTIGATION OF OFF-DUTY OFFICERS

In December 2018, the Police Ombudsman announced that failings in the way police investigated off-duty police officers involved in a fight with members of the public in Coleraine had compromised the fairness of their enquiries.

Dr Maguire said that three off-duty officers involved in the fight, and another who provided a statement about what happened, were not properly challenged during police interviews. He also revealed that the officers had not been considered for prosecution due to a police delay in submitting a file to the Public Prosecution Service (PPS).

Four members of the public were charged with public order offences arising from the fight, which happened at a pub in Coleraine in April 2015. The officers were initially treated as witnesses, and only interviewed as suspects after counter-allegations were made against them.

Dr Maguire found that the investigating officer failed to make full use of CCTV and mobile phone footage to challenge inconsistencies in their accounts. In addition, he was found to have been a month late in submitting a file to the PPS. Enquiries also showed that one of the officers involved in the fight had inappropriately accessed police records about the incident. Both he and the investigating officer were disciplined by the PSNI on the basis of recommendations from the Police Ombudsman.

Recommendations to discipline the four off-duty officers over inconsistencies in their accounts of the fight was not implemented by the PSNI. However, the police did discipline them for inappropriate off-duty conduct. The PPS directed that none of the officers should be prosecuted for attempting to pervert the course of justice or misconduct in a public office.

However it should be noted that the flat cash budget still represented a budget cut in real terms as inflationary pressures had to be met.

It is relevant to note that the Office has received for 2019/20 a budget which is in real terms a flat budget with inflationary pressures met - £9.29m. This is the first time in approximately ten years in which the budget of the Office has not been cut.

As reported in the Remuneration and Staff Report below, over the last number of years, the Office has sought to minimise the impact of budget cuts on

headcount, however, there has inevitably been a reduction in staff in post over the years.

Whereas the Office accepts a need for a degree of realism about the state of public finances, the Office has significant concerns about the impact of lack of resources on the work of the Office in relation to the level of resources available to conduct Historic Investigations. The DoJ successfully appealed the outcome of a Judicial Review brought by family representatives regarding the provision of resources for Historic matters.

No decisions have been taken in relation to resourcing such cases pending transfer of this work to a new Historical Investigations Unit (HIU) which still has not progressed in the absence of a wider political resolution. However with no political solution appearing to be imminent, providing an adequate level of funding to investigate Historic matters is becoming increasingly pressing. In the absence of a way forward the Office is now planning to make a bid for further resources to deal with those historic matters currently within its remit to investigate.

Financial Review

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 62 and 63 respectively. The Office incurred net operating expenditure for the year of £9,517,878 (£9,135,747 for year ended 31 March 2018). These amounts include non cash expenditure not included in resource budget figures in the paragraph above.

The table below shows the total net expenditure of the Office over the last three financial years.

The Office has, over a number of years, sought to reduce other (non staff) expenditure so as to ensure that the maximum resource possible has been available for staff in front line services.

Other expenditure (excluding non cash) has fallen from £1,998k in 2017/18 to £1,925k in 2018/19 having been at £1,817k in 2016/17. Included in 2017/18 was a one off spend of £106k related to a discovery exercise to develop the operational requirement for a replacement Case Handling System. Excluding this one off spend, non staff spend has increased at a rate consistent with inflation but remains at levels lower than in previous years when a programme of non staff cost reductions was introduced including cessation of a lease, renegotiated computer maintenance costs and general restrictions on spending on any non essential items.

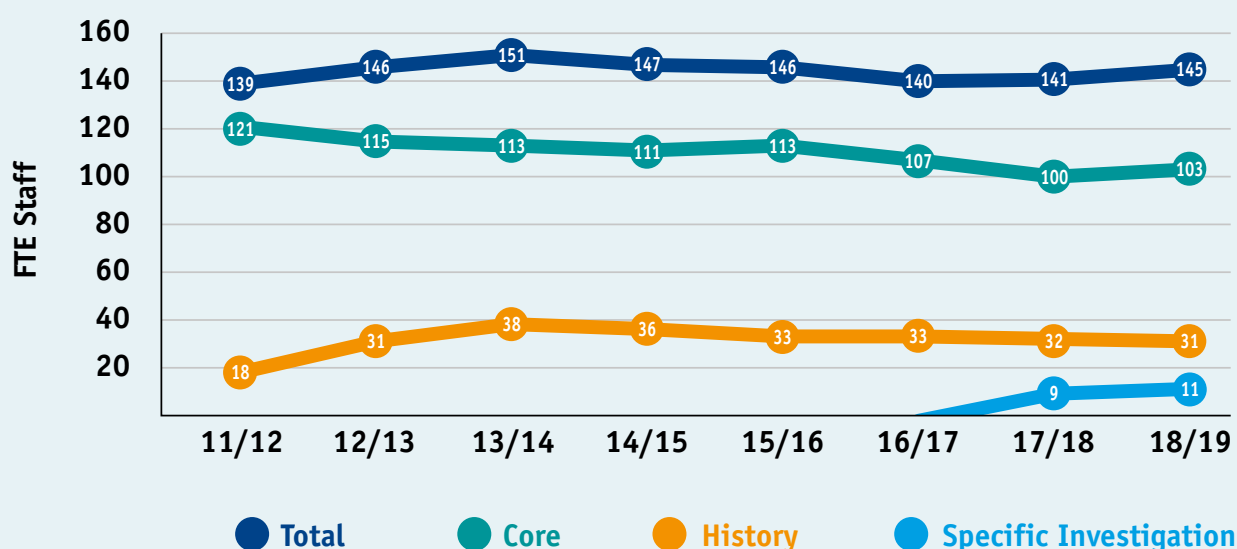
| | 2018/19 | RESTATED 2017/18 (see note 17) | RESTATED 2016/17 |
|---|------------------|--------------------------------------|---------------------|
| Income | (90,389) | (108,945) | (117,314) |
| Expenditure | | | |
| Staff Costs | 7,081,590 | 6,801,948 | 6,689,541 |
| Other expenditure | 1,924,819 | 1,997,552 | 1,817,485 |
| Other expenditure – non cash | 601,858 | 445,192 | 335,107 |
| Total Expenditure for the year | 9,608,267 | 9,244,692 | 8,842,133 |
| Total Net Expenditure for the year | 9,517,878 | 9,135,747 | 8,724,819 |

The majority of the expenditure by the Office is on staff costs. Total spend on staff in year has increased by 4%. The average FTE staff in post over 2018/19 has increased to 144.8. This is a welcome respite as budget reductions have impacted on staffing levels within the Office over the last number of years as budgets have reduced. When faced with further budget cuts there is inevitably a reduction in staff numbers, as the scope to further reduce non staff spend has now largely been exhausted.

During the course of 2018/19 despite pressures on budgets the overall FTE of staff has shown an increase. This growth in FTE has been achieved through the establishment of a Trainee

Investigation Officer programme whilst at the same time retaining agency investigation officer resources with savings accruing from gaps in senior positions across the year. Although the Office has a flat budget for the year ahead it will be a challenge to maintain staffing levels during 2019/20 at the levels attained in 2018/19. An average of 144.8 full time equivalent (FTE) staff were employed through the year ended 31 March 2019 compared with 140.5 for the year ended 31 March 2018. The Office continues to seek to identify ways in which to streamline processes to minimise headcount reductions as these are likely to impact on the timeliness of investigations and increased pressure on staff.

Full Time Equivalent Staff in post by Financial Year



Financial Position

The total net assets of the Office as at 31 March 2019 were £228,108 (£749,148 as at 31 March 2018).

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 £248,528 at 31 March 2019 (£268,000 at 31 March 2018). The open market value of the leasehold interest in New Cathedral Buildings has been valued at £nil at 31 March 2019 (£nil at 31 March 2018). Details of the movement of property plant and equipment are set out in Note 7 to the Accounts.

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 2019 was 98.7% (98.3% for the year ended 31 March 2018). The overall performance to pay within 30 days for the year ended 31 March 2019 was 100% (100% for the year ended 31 March 2018).

Environmental Matters

The Office, despite its small scale, endeavours 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, managers encourage sharing of cars and monitor the use of vehicles for business journeys monthly. This contributes to reductions in emissions as well as efficient use of resources.

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 59 to 61.

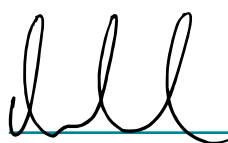
The audit fee for the work performed by the staff of the C&AG during the reporting period was £13,500 which relates solely to the audit of these financial statements. The audit fee for the year ended 31 March 2018 was £11,500.

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

The work of the Office continues to be challenging whilst playing a key role in the infrastructure of policing in Northern Ireland and contributing more generally to confidence in policing arrangements. The coming year will be no less challenging but I have every confidence that the Office will meet those challenges with professionalism and commitment.

Finally, I place on record my thanks to the staff across the Office who individually and collectively continue to meet the responsibility and the privilege of delivering a vitally important service to the people of Northern Ireland.



Olwen Laird

Chief Executive

10 June 2019

Accountability Report

Overview

The Accountability section of the Annual Report outlines how the Office of the Police Ombudsman for Northern Ireland meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The three sub-sections within the Accountability Report are outlined below.

Corporate Governance Report

The purpose of this section is to explain the composition and organisation of the governance structures in the Office and how they support the achievement of its objectives.

As a minimum, the corporate governance report must include:

- Directors' Report;
- Statement of Accounting Officer's responsibilities; and
- Governance Statement.

Remuneration and Staff Report

This section sets out the Office of the Police Ombudsman for Northern Ireland's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors as salary and pension entitlements.

In addition the report provides information relating to remuneration and staff that the Assembly and other users see as key to accountability.

Assembly Accountability and Audit Report

This section brings together key Assembly accountability documents within the Annual Report and Accounts. It comprises:

- Regularity of expenditure;
- Assembly accountability disclosures; and
- Certificate and Report of the Controller and Auditor General to the Assembly

Corporate Governance Report

Chief Executive's Report

Police Ombudsman

The Police Ombudsman for Northern Ireland is Dr Michael Maguire. The Office is not governed by a Board, but is headed by a Corporation Sole who is appointed by Royal Warrant and normally serves for a period of seven years. Dr Maguire's tenure as Police Ombudsman commenced on 16 July 2012.

Executive Management

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

| | |
|------------------------|--|
| Dr M Maguire | Police Ombudsman |
| Mrs O Laird | Chief Executive (from 01/11/2018) Director of Corporate Services (up to 31/10/2018) |
| Mr P Holmes | Senior Director of Investigation |
| Mrs J Adams | Director of Historic Investigation (from 05/11/2018 to 15/02/19 and from 05/03/2019) |
| Mr T Gracey | Director of Information |
| Mrs L Fee | Director of Legal Services (from 12/10/2018) |
| Mrs P Gillespie | Director of Corporate Services (acting) (from 12/11/2018) |
| Mr D Hynds | Director of Current Investigation (from 14/03/2019) |
| Mr A McAllister | Chief Executive (ill health retired 06/07/2018) |

| | |
|---------------------|---|
| Mr S McIlroy | Director of Legal Services (up to 18/10/2018) |
| Mr T Doherty | Director of Historic Investigation (up to 5/03/2019) |
| Mr P Murphy | Director of Current Investigation (from 12/11/2018 to 25/02/2019) |

The former Chief Executive, Mr A McAllister had been on a period of extended absence due to illness. He subsequently left on ill health retirement on 6 July 2018. From 1 August 2017 onwards, his responsibilities as Chief Executive had been shared across other members of the Senior Management Team. As Director of Corporate Services, I had been designated as acting Accounting Officer. I was subsequently appointed as Chief Executive on 1 November 2018 at which time Mrs Paula Gillespie was appointed as acting Director of Corporate Services.

Mr S McIlroy left the Office on 18 October 2018 and was replaced by Mrs Louisa Fee.

Mr T Doherty was on a period of absence from the Office from 5 November 2018 during which time Mrs J Adams acted as Director of Historic Investigation. Mr Doherty subsequently indicated his intention not to renew his 18 month contract as Director of Historic Investigations and Mrs J Adams was formally appointed to the role from 5 March 2019

Mr P Murphy acted as Director of Current Investigation from 12 November 2018 to 25 February 2019. He was replaced by Mr D Hynds from 14 March 2019.

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 and Risk Committee. No interests were identified which may cause a conflict of interests with management responsibilities. A copy of the register is available on request.

Customer Complaints

There were 35 complaints received during the year within the Customer Complaints policy, 97 in the year to 31 March 2019. Further details are included in the performance report on page 24.

Data Handling

I am required to report personal data related incidents which occurred during the year ended 31 March 2019. 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. An issue arose in April 2017 relating to the potential theft of data from the Office approximately 10 years ago – in October 2017 a second matter was identified, also relating to possible theft of data from the Office, also approximately 10 years ago. Both of these matters were reported in local media and both matters are under criminal investigation by PSNI which remains ongoing. In addition both of these issues have been notified to the Information Commissioner. As a result of these issues, the Office has assessed the way in which information is handled within the Office and is satisfied that the arrangements in place to manage data are appropriate.

Information risk is managed within the Office within the context of the risk management framework to which I refer in my Governance Statement.

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

The Police Ombudsman for Northern Ireland is required, under paragraph 12 of Schedule 3 to the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, 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 of the Office of the Police Ombudsman 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 as set out in the Government Financial Reporting Manual (FReM) 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 acting Accounting Officer of the Office of the Police Ombudsman for Northern Ireland. The Chief Executive's relevant responsibilities as Accounting Officer, including her 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.

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.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and that I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

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, the Ministry of Defence Police in Northern Ireland and certain complaints involving Immigration Officers and Designated Customs Officials when operating 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 and Risk 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 Acting Accounting Officer, 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 and Risk Committee

The Police Ombudsman is supported in his role by the Audit and Risk Committee. The Audit and Risk Committee includes two independent external members who chair all Audit and Risk Committee meetings on an alternate basis. Audit and Risk 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 and Risk Committee has an established Terms of Reference which was last reviewed and updated in October 2018. The responsibilities of the Audit and Risk Committee include advising

the Police Ombudsman and Chief Executive on the strategic processes for risk, control and governance within the Office. The Audit and Risk Committee has oversight of key governance matters including Whistleblowing, Fraud and Theft, Gifts and Hospitality, Health and Safety and Direct Award Contracts. The Audit and Risk 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 acting Accounting Officer.

Internal Audit

The Internal Audit service for the Office for the year to 31 March 2019 was provided by the NICS Internal Audit Service 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 and Risk 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 Controller 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. Deloitte (NI) Limited has been appointed to undertake audit fieldwork on behalf of the NIAO on an outsourced basis.

Governance Arrangements

The Office had an established set of arrangements for Corporate Governance which was put in place in October 2012. The Corporate Governance Arrangements document was reviewed and endorsed by the Police Ombudsman, the Senior Management Team and the Office's Audit and Risk Committee in May 2016. These will again be subject of review following the appointment of the new Police Ombudsman in July 2019.

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 and Risk 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 and Risk 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. These are available on the Office website and in the library of the Northern Ireland Assembly. A process is underway across the NICS to replace MSFMs with “Partnership Agreements” in line with a new Code of Practice on Partnerships between Departments and Arms Length Bodies. The MSFM and MOU of the Office will be updated as part of that exercise.

As part of the Internal Audit plan of work, the Internal Auditor assesses the Risk Management and Corporate Governance arrangements on a periodic basis. During the 2018/19 year the Internal Auditor carried out an audit in relation to Risk Management and Corporate Governance arrangements within the Office which provided satisfactory assurance as to the operation of risk management and corporate governance within the Office.

As part of the sponsorship arrangements, the DoJ considers the performance of the Office on a quarterly basis in line with the Management Statement and Financial Memorandum. This includes meeting formally with the Head of the sponsor Division within the Department to discuss Office performance against the objectives and targets set out in the Annual Business Plan. The Department has agreed to my recent request to increase the frequency of these meetings from bi-annual to quarterly in order to maintain more

effective communication. In addition I keep the Department informed of relevant matters on an ongoing basis.

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 and Risk 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. In the year to 31 March 2019 one conflict of interest was noted during an Audit and Risk Committee meeting by the representative of internal audit in relation to a discussion on the provision of internal audit services going forward. The internal audit representative left the meeting for the duration of the discussion. In the year to 31 March 2018 a conflict of interest had similarly been declared by the representative of Internal Audit also in relation to a discussion on the provision of internal audit services going forward. The internal audit representative left the meeting for the duration of that discussion also. There were no conflicts of interest declared in SMT meetings.

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 as a standing item 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 and Risk Committee.

5. REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

Senior Management Team (SMT)

The Senior Management Team meets on a regular basis throughout the year. The SMT is chaired by the Chief Executive, however during the absence due to illness of the former Chief Executive It had been chaired by the Police Ombudsman. During the financial year there were six 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. Bi-annually, the SMT meeting is expanded to include all functional members in the Office. In addition all Directors meet regularly in an informal SMT. The attendance by members of SMT at the formal SMT across the year was

| | |
|---|---|
| Michael Maguire, Police Ombudsman | 6 |
| Olwen Laird, Chief Executive/ Director of Corporate Services | 6 |
| Paul Holmes, Senior Director of Investigation | 5 |
| Tim Gracey, Director of Information | 6 |
| Louisa Fee, Director of Legal Services | 4 |
| Julie Adams, Director of Historic Investigation | 4 |
| Paula Gillespie, Director of Corporate Services | 2 |
| Seamus McIlroy, Director of Legal Services | 1 |
| Tony Doherty, Director of Investigation | 2 |
| Paul Murphy, Director of Current Investigation | 1 |

Audit and Risk Committee

The Audit and Risk Committee met on four occasions in total across the year. Each meeting was chaired by a non-executive member. There was regular attendance at these meetings as outlined below:

| | |
|---|---|
| Frank Bryan, Non-Executive member | 3 |
| Bernard Mitchell, Non-Executive member | 3 |
| Michael Maguire, Police Ombudsman | 4 |
| Olwen Laird, Chief Executive/ Director of Corporate Services | 4 |
| DoJ, Sponsor Department | 4 |
| NICS Internal Audit Services | 4 |
| NIAO, External Auditor | 4 |
| RSM, External Audit Contractor | 2 |
| ASM, Internal Auditor (outgoing) | 1 |

In addition, during the year Paul Holmes, Director of Investigation attended the Audit and Risk Committee on three occasions and Tim Gracey, Director of Information on two occasions.

Each financial year the Audit and Risk Committee produces a report on the effectiveness of the Audit and Risk Committee in support of both the Police Ombudsman and Accounting Officer. The report for the year ended 31 March 2019 has confirmed that the Audit and Risk Committee operated effectively across the financial year.

Department of Justice sponsor arrangements

There were two governance meetings held during the year between the sponsor Division of the Department of Justice and the Office in June and December in line with the provisions of the MSFM to discuss and monitor performance against the Annual Business Plan throughout the year. In addition to these formal meetings the Department also conducted desk reviews at quarterly intervals based on corporate performance information provided by the Office. Additionally the Office responded to a significant number of requests for information and 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 ongoing 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 currently facing the Office which I consider should be included in the Governance Statement. These include:

- a risk that the budget allocated to the Office is insufficient for the Office to function effectively in the delivery of its statutory duties and that any further reduction would undermine the capability and capacity of the Office to undertake its statutory functions;

- a risk around the uncertainty surrounding the establishment of an Historic Investigations Unit (HIU) under the Stormont House Agreement which could lead to a number of issues including higher staff turnover in the History Directorate, uncertainty and reduced morale for those permanent staff currently working in the History Directorate and current lack of funding to progress Historic investigations in a timely manner, leading to legal challenge and reputational damage to the Office; and
- a risk that the Office may not successfully defend the appeal against the outcome of the Judicial Review by the NIRPOA in relation to publication of the outcome of investigations undertaken by the Office.

In order to address these risks the Office has continued to represent to the DoJ the impact of budget cuts to the Office as part of financial monitoring discussions, during formal governance meetings and in meetings between the Police Ombudsman and Permanent Secretary to the Department. The DoJ has continued to make available resources to conduct a specific high profile investigation further to the submission of a business case from the Office. Further, the budget of the Office for 2019/20 has not been cut and this year inflationary pressures are being funded.

The Office previously submitted requests for additional resource for Historic Investigations which were not met, pending a wider political solution to matters of the past. The Office provided a response to the Northern Ireland Office (NIO) consultation on “Addressing the Legacy of Northern Ireland’s Past”. Due to a lack of progress in establishing an HIU work is now progressing on a new business case for additional resources for Historic investigations.

During the financial year, the SMT and Audit and Risk 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 and Risk Committee are satisfied with the quality, accuracy and timeliness of the information received.

Budget Position and Authority

In the continuing absence of an Executive and a sitting Assembly the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20th July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15th March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

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:

- an Annual Assurance Report from the Internal auditor which provides an overall assurance rating to me on the basis of work undertaken across a range of internal audit areas. The Office has adopted DAO DOF 07/16 Internal Audit Opinions and prioritisation of recommendations which has removed the concept of substantial assurance leaving satisfactory, limited or unacceptable as possible audit opinions. The overall assurance that has been provided to me as Accounting Officer by the Internal Auditor is satisfactory. This satisfactory assurance is drawn from a range of internal audits carried out during the financial year. The areas subject to audit and the related assurance levels are as follows:
 - Risk Management and Corporate Governance (satisfactory)
 - Records Management Follow up (satisfactory)
 - Current Investigations - Complaints Handling (satisfactory)
 - Current Investigations – Oversight of Investigations (satisfactory)
 - GDPR Compliance Follow up
- the Audit and Risk Committee Annual Report which provides an overall assessment as to the effective functioning of the Audit and Risk Committee.
- the system of risk management within the Office.

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

Remuneration and Staff Report

Remuneration Policy

The Police Ombudsman is remunerated in line with judicial salary scales. Judicial scales are based on the work and recommendations of the Senior Salaries Review Board (SSRB). The Chief Executive and Senior Director of Investigation are remunerated as senior civil servants. The remuneration of other members of the Senior Management Team and staff within the Office is set within the Northern Ireland Civil Service (NICS) pay structures. The Senior Civil Service (SCS) remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima allowing progression towards the maxima on performance.

The pay remit for the Northern Ireland public sector, including SCS is normally agreed by the Minister of Finance. In the absence of an Executive, the DoF Permanent Secretary has set the 2018-19 NI public sector pay policy in line with the overarching Her Majesty's Treasury (HMT) parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. NICS and SCS pay are normally reviewed with effect from 1 August each year. The pay awards for NICS and SCS staff for 2018-19 have not yet been finalised and an amount has been included in accruals based on the estimate liability for these pay awards. The Office is not involved in NICS pay negotiations. Performance of staff 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. Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

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.

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

Mr T Doherty was appointed on 20 March 2018 for an 18 month fixed term contract as Director of Investigations for Historic matters.

The Non Executive Members of the Audit and Risk Committee during the financial year were Mr F Bryan and Mr B Mitchell. They were appointed on 1 April 2015 for an initial three year term to 31 March 2018 with an option for a further 2 years to 31 March 2020 at an hourly rate of £60/hr. In March 2018 the option to extend these appointments to 31 March 2020 was exercised.

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 and Risk Committee.

Salary and pension entitlements

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

Remuneration (including salary)

| | AUDITED INFORMATION 2018-19 | | | |
|---|-----------------------------|---------------------------------------|--|-----------------------------|
| | Salary (£'000) | Benefits in kind (to nearest £100) | Pension Benefit (to nearest £1000) ¹ | Total (to nearest £1000) |
| Dr Michael Maguire <i>Police Ombudsman</i> | 135 – 140 | - | 54 | 190 – 195 |
| Olwen Laird ² <i>Chief Executive</i> | 80 – 85 | - | 94 | 170 – 175 |
| Paul Holmes <i>Senior Director of Investigation</i> | 70 – 75 | - | 17 | 85 – 90 |
| Julie Adams ^{3, 4} <i>Director of Investigation</i> | 20 – 25 | - | - | 20 – 25 |
| Tim Gracey <i>Director of Information</i> | 55 – 60 | - | 9 | 60 – 65 |
| Louisa Fee ⁵ <i>Director of Legal Services</i> | 20 – 25 | - | 9 | 30 – 35 |
| Paula Gillespie ⁶ <i>Director of Corporate Services</i> | 15 – 20 | | 5 | 20 – 25 |
| David Hynds ⁷ <i>Director of Investigation</i> | 0 – 5 | | 1 | 0 – 5 |
| Tony Doherty <i>Director of Investigation</i> | 75 – 80 | | 23 | 100 – 105 |
| Adrian McAllister ⁸ <i>Chief Executive</i> | 15 – 20 | | 465 | 480 – 485 |
| Seamus McIlroy ⁹ <i>Director of Legal Services</i> | 35 – 40 | - | 5 | 40 – 45 |
| Paul Murphy ¹⁰ <i>Director of Investigation</i> | 15 – 20 | | 5 | 20 – 25 |
| Non-Executive Audit and Risk Committee Members | | | | |
| Frank Bryan | 0 – 5 | - | - | 0 – 5 |
| Bernard Mitchell | 0 – 5 | - | - | 0 – 5 |
| Fair Pay Disclosure | | | | |
| Police Ombudsman's Total Full Time Equivalent Remuneration | | | | £137,577 |
| Median Total Remuneration | | | | £32,221 |
| Ratio | | | | 4.27 |

1. The value of pension benefits accrued during the 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 and any increase or decrease due to a transfer of pension rights.
2. The salary quoted includes a full time equivalent of £65k to £70k for 1 April 18 to 31 October 18 as Director of Corporate Services and £85 – 90k for the period 1 November 18 to 31 March 19 as Chief Executive.
3. The salary quoted is for the period from 5 November 18 to 15 February 18 and from 5 March 19 to 31 March 19 – the full year equivalent is £55k – £60k.
4. Julie Adams contributes to a partnership position account. Therefore there is no benefit disclosure.
5. The salary quoted is for the period from 12 October 18 to 31 March 19 – the full year equivalent is £45k – £50k.
6. The salary quoted is for the period from 12 November 18 to 31 March 19 – the full year equivalent is £45k – £50k.
7. The salary quoted is for the period from 14 March 19 to 31 March 19 – the full year equivalent is £55k – £60k.
8. The salary quoted is the reduced amount paid due to ill health. The full time equivalent salary was £110 – £115k.
9. The salary quoted is for the period from 1 April 18 to 18 October 18 – the full year equivalent is £55k – £60k.
10. The salary quoted is for the period 12 November 18 to 25 February 19 – the full year equivalent is £55k – £60k.

Remuneration (including salary)

| | AUDITED INFORMATION 2017-18 | | | |
|---|-----------------------------|---------------------------------------|--|-----------------------------|
| | Salary (£'000) | Benefits in kind (to nearest £100) | Pension Benefit (to nearest £1000) ¹ | Total (to nearest £1000) |
| Dr Michael Maguire <i>Police Ombudsman</i> | 130 – 135 | - | 52 | 185 – 190 |
| Adrian McAllister² <i>Chief Executive</i> | 100 – 105 | - | 43 | 145 – 150 |
| Paul Holmes³ <i>Director of Investigation</i> | 65 – 70 | - | 18 | 85 – 90 |
| Brian Doherty⁴ <i>Director of Investigation</i> | 35 – 40 | - | 13 | 50 – 55 |
| Olwen Laird⁵ <i>Director of Corporate Services</i> | 65 – 70 | - | 33 | 95 – 100 |
| Tim Gracey <i>Director of Information</i> | 50 – 55 | - | 8 | 60 – 65 |
| Seamus McIlroy⁶ <i>Director of Legal Services</i> | 50 – 55 | - | 21 | 75 – 80 |
| Tony Doherty⁷ <i>Director of Investigation</i> | 0 – 5 | - | 1 | 0 – 5 |
| Non-Executive Audit and Risk Committee Members | | | | |
| Frank Bryan | 0 – 5 | - | - | 0 – 5 |
| Bernard Mitchell | 0 – 5 | - | - | 0 – 5 |
| Fair Pay Disclosure | | | | |
| Police Ombudsman's Total Full Time Equivalent Remuneration | | | | £132,210 |
| Median Total Remuneration | | | | £32,675 |
| Ratio | | | | 4.05 |

1. The value of pension benefits accrued during the 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 and any increase or decrease due to a transfer of pension rights.
2. The salary quoted is the salary paid for the year to 31 March 2018, however this period included pay at reduced rates due to absence due to illness. The full time equivalent salary for the year ended 31 March 2018 is £110k to £115k.
3. The salary quoted includes substantive salary of £65k – £70k for 1 April to 31 July and uplifted salary of £65k to £70k for 1 August to 31 March 2018 due to additional acting responsibilities.
4. The salary quoted is for the period 1 April 2017 to 13 September 2017. The full year was £75k to £80k
5. The salary quoted includes substantive salary of £55k – £60k for 1 April to 31 July and uplifted salary of £65k to £70k for 1 August to 31 March 2018 due to additional acting responsibilities.
6. The salary quoted includes substantive salary of £50k – £55k for 1 April to 31 July and uplifted salary of £55k to £60k for 1 August to 31 March 2018 due to additional acting responsibilities.
7. The salary quoted is for the period 20 March to 31/03/2018. The full year equivalent is £80k to £85k

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 ex 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. There were no benefits in kind for the year ended 31 March 2019 (nil for the year ended 31 March 2018).

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 2019 (nil for the year ended 31 March 2018).

Pension Entitlements

| | AUDITED INFORMATION | | | | | |
|---|---|--|--------------------|--------------------|----------------------------|--|
| | Accrued pension at pension age as at 31/3/19 and related lump sum | Real increase in pension and related lump sum at age 60 | CETV at 31/3/19 | CETV at 31/3/18 | Real ncrease in CETV | Employer contribution to partnership pension account (Nearest £100) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Dr Michael Maguire <i>Police Ombudsman</i> | 35 – 40 | 2.5 – 5 | 566 | 474 | 38 | N/A |
| Olwen Laird Chief Executive | 30 – 35 | 5.0 – 7.5 | 448 | 337 | 65 | N/A |
| Paul Holmes Senior Director of Investigation | 15 – 20 plus lump sum of 45 – 50 | 0 – 2.5 plus lump sum of 2.5 – 5.0 | 355 | 308 | 16 | N/A |
| Julie Adams ¹ Director of Investigation | N/A | N/A | N/A | N/A | N/A | 3400 |
| Tim Gracey Director of Information | 5 – 10 plus lump sum of 15 – 20 | 0 – 2.5 plus lump sum of 0 – 2.5 | 139 | 123 | 8 | N/A |
| Louisa Fee Director of Legal Services | 0 – 5 | 0 – 2.5 | 12 | 7 | 4 | N/A |
| Paula Gillespie Director of Corporate Services | 5 – 10 | 0 – 2.5 | 60 | 57 | 2 | N/A |
| David Hynds Director of Investigation | 10 – 15 plus lump sum of 35 – 40 | 0 – 2.5 plus lump sum of 0 – 2.5 | 278 | 276 | 1 | N/A |
| Tony Doherty Director of Investigation | 5 – 10 | 0 – 2.5 | 81 | 55 | 17 | N/A |
| Adrian McAllister <i>Chief Executive</i> | 35 – 40 | 22.5 – 25.0 | 467 | 179 | 285 | N/A |
| Seamus McIlroy <i>Director of Legal Services</i> | 5 – 10 | 0 – 2.5 | 83 | 75 | 1 | N/A |
| Paul Murphy <i>Director of Investigation</i> | 15 – 20 plus lump sum of 35 – 40 | 0 – 2.5 plus lump sum of 0 – 2.5 | 302 | 289 | 2 | N/A |
| Non Executive Audit and Risk Committee Members | | | | | | |
| Frank Bryan | N/A | N/A | N/A | N/A | N/A | N/A |
| Bernard Mitchell | N/A | N/A | N/A | N/A | N/A | N/A |

1. Julie Adams opted to open a partnership pension. The disclosure to such pension arrangements is the Employer Contributions only.

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).

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha 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 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a 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%.

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). From April 2011, pensions payable under classic, premium and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2018 was 2.4% and HM Treasury announced that public service pensions will be increased accordingly from April 2019.

Employee contributions for all members for the period covering 1 April 2019 to 31 March 2020 are as follows:

| Annualised Rate of Pensionable Earnings (Salary Bands) | | Contribution rates – all members |
|--|-------------|----------------------------------|
| From | To | 1 April 2019 to 31 March 2020 |
| £0 | £23,500.99 | 4.6% |
| £23,501.00 | £54,500.99 | 5.45% |
| £54,501.00 | £150,000.99 | 7.35% |
| £150,001.00 and above | | 8.05% |

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 8% and 14.75% (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 0.5% 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 their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni.

Cash Equivalent Transfer Value

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 NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing 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 2015 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Departure Costs and Compensation Payments

(This section is subject to audit)

Redundancy and other departure costs are 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. Where early retirements are agreed the additional costs are met by the Office and not by the Civil Service pension scheme. There were no redundancy or other departure costs for the year ended 31 March 2019 (£nil for the year ended 31 March 2018).

Voluntary Exit Scheme

(This section is subject to audit)

The Office of the Police Ombudsman for Northern Ireland does not have a Voluntary Exit Scheme or arrangement in place. Although staff in the Office are remunerated within the NICS pay arrangements, they are not civil servants and as such the Voluntary Exit Scheme launched by the NICS in March 2015 did not apply.

Payments to Past Directors

(This section is subject to audit)

There were no payments made to any former member of the Senior Management Team or former Police Ombudsman for the year ended 31 March 2019 (£nil for the year ended 31 March 2018).

Off Payroll Payments

(This section is subject to audit)

The Office had no off-payroll engagements during the year to 31 March 2019. None in the financial year ended March 2018.

Police Ombudsman Remuneration

The Police Ombudsman is remunerated on the Judicial scale 6.1. From 1 April 2018 the judicial scale increased from £134,481 to £137,538. The scale had increased from £133,506 to £134,841 from 1 April 2017, however the approval process had not been completed to implement the 1 April 2017 increase during 2017/18 and therefore these arrears of £1,335 were also paid during 2018/19. As in previous years, the Police Ombudsman requested that his pay be reduced by an amount of £1,296 per annum due to prior overpayments of pay made to the Ombudsman (which are explained in detail in the 2015/16 Remuneration and Staff report within the Annual Report).

Therefore during the year the Police Ombudsman's total remuneration, including benefits in kind, but excluding pension contributions, was £137,577 (£132,210 for the year ended 31 March 2017).

The Police Ombudsman received no benefits in kind during the year nor for year ended 31 March 2018.

The Police Ombudsman is a member of the Northern Ireland Civil Service (NICS) Pension arrangements. For the year ended 31 March 2019, £36,183 was payable by the Office in respect of the Police Ombudsman's pension contributions (£34,771 for the year ended 31 March 2018).

Fair Pay Disclosures

(This section is subject to audit)

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 2019 or the year ended 31 March 2018. Total remuneration includes salary, non-consolidated performance related pay, and benefits in kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

Staff Costs

(This section is subject to audit)

| | 2018-19 | 2017-18 |
|--|------------------|------------------|
| Amounts payable in respect of directly employed staff | | |
| Wages and Salaries | 4,084,775 | 3,922,459 |
| Social Security Costs | 431,456 | 409,628 |
| Employer's pension costs | 887,848 | 858,353 |
| Total direct employee staff costs | 5,404,079 | 5,190,440 |
| Less recoveries of outward secondments | (89,928) | (106,550) |
| Total net costs | 5,314,151 | 5,083,890 |
| Amounts payable in respect of staff on secondment, agency workers, temporary and contract staff | | |
| | 1,677,511 | 1,611,508 |
| Total Staff costs | 6,991,662 | 6,695,398 |

Staff in the Office hold a range of posts. The level of remuneration varies according to the post that is held. The range of remuneration on a full time equivalent basis within the Office is £20,692 to £137,685. The median rate of remuneration of staff in the Office is £32,221.

The total remuneration of the Police Ombudsman for the year ended 31 March 2019 was £137,577 which was 4.27 times the median remuneration of the workforce of £32,221. The total remuneration for the Police Ombudsman for the year ended 31 March 2018 was £132,210 which was 4.05 times the median remuneration of the workforce of £32,675.

The pay multiple has increased slightly from 4.05 in the year ended 31 March 2018 to 4.27 for the year ended 31 March 2019. The reason for this is that there has as yet been no pay progression approved for 2018 NICS pay however the Police Ombudsman received both the outstanding pay award from April 2017 and the April 2018 award within the financial year. The profile of staff has remained largely consistent with the previous year.

The Office of the Police Ombudsman for Northern Ireland meets all of the staff costs for staff who are seconded to it as they are incurred. Although costs are fully recharged to the Office, the seconding organisation remains the permanent employer with responsibility for the pay, allowances and pension of such staff. The Office also recharges out in full the staff costs who are seconded to other organisations as they are incurred. Although these costs are fully recharged to the organisation to which staff are seconded, the Office remains the permanent employer with responsibility for the pay, allowances and pensions of such staff.

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes. The Office of the Police Ombudsman for Northern Ireland is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers for 1 April 2015 to 31 March 2019.

For the year ended 31 March 2019, employers' contributions of £1,013,334 were payable to the NICS pension arrangements (£982,253 for the year ended 31 March 2018) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed employer contribution rates for 2019-20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 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, a stakeholder pension with an employer contribution. Employers' contributions of £4,070 (2017-2018 £1,144) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2017-2018, 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings. Employer contributions of £151, 0.5% (2017-2018 £39, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £0. Contributions prepaid at that date were £0.

1 person (2017-2018: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £37,485 (2017-2018: £0).

Average number of persons employed

(This section is subject to audit)

The average number of whole time equivalent persons employed during the year was:

| | 2018-19 | 2017-18 |
|--|------------|--------------|
| Directly employed permanent | | |
| Police Ombudsman Staff | | |
| Management and executive | 5 | 6 |
| Administrative and support | 26 | 24.5 |
| Complaints and Investigation | 77 | 72.5 |
| Seconded, agency worker, temporary and contract staff | | |
| Management and executive | 1 | 0.5 |
| Administrative and support | 5 | 5 |
| Complaints and Investigation | 31 | 32 |
| Total Average number of full time equivalent persons | 145 | 140.5 |

Grade of Staff

(This section is subject to audit)

The remuneration of members staff in the Office is set within the Northern Ireland Civil Service (NICS) pay structures. The Chief Executive and Senior Director of Investigation are remunerated on SCS Pay Scales. The Police Ombudsman is remunerated on the Judicial Scales at judicial scale 6.1.

| | 2018-19 | 2017-18 |
|----------------|---------|---------|
| SCS Payscale 2 | 1 | 1 |
| SCS Payscale 1 | 1 | 2 |

Sickness Absence

For the year ended 31 March 2019, the Office had a target sickness absence of not greater than 4%. The target was not achieved as the rate of sickness absence for the year was 4.42%. However this represented an improvement from the rate of sickness absence of 4.95% in the year ended 31 March 2018.

Similar to last year there have been a small number of significant long terms sickness absences which have impacted the overall sickness absence rates, including that of the Chief Executive. Managers in the Office are continuing to work closely with staff to ensure that sickness absence continues to be managed. A target of 4% absence has been renewed for the year to 31 March 2020.

Despite not meeting the 4% sickness absence target, the Office continues to reflect positively against the most current information available in relation to the rate of sickness absence across the NICS. The most up to date level of sickness absence reported for the NICS was 6.0% for the year ended 31 March 2018.

Expenditure on Consultancy

The Office incurred £nil on consultancy during the year ended 31 March 2019, (£6,000 for the year ended 31 March 2018).

Developing our people

This year, building on the 2017/2018 successful Silver IIP Accreditation Report, the Office launched the next 3 year Learning and Development Strategy. As part of the strategic theme of “Capability Building”, October 2018 saw the start of Trainee Investigation Officer and Trainee Analyst programmes. Both groups will benefit from all new curricula developed with the College of Policing.

Recognising the significant impact of mental health on our day-to-day lives and the lives of complainants with whom we come into contact, another key strategic area of focus in 2018 was in the area of “Wellbeing” Activities in this area will continue into 2019, which will equip our staff to be more aware of our own and others’ mental health.

Training and Development

As always, the provision of training activities for the Office covers a broad and diverse range of subjects; Collecting Electronic and Digital Evidence, Forensic Awareness and Exhibit Management, Disclosure Training Employment Law Update, Regulatory Investigatory Powers Act (RIPA), Coaching, IT systems and applications. We continue also to work with the PSNI to avail of training in such areas as Search Training, Road Traffic Investigations and the work of the new Telephone Resolution Unit Being trialled in a number of PSNI Districts.

We have also tapped into the wealth of internal expertise to develop “bitesize” modules that will support the ongoing development of both our Trainee groups.

This year there was a significant focus on preparing our staff for the changes to Data Protection legislation following the introduction of the General Data Protection Regulations in May 2018. Also, in line with our Recruitment Policy and Disability Action Plan, we also saw a large group of staff attend Recruitment and Selection refresher training.

Equal Opportunities/Disabled Persons

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, gender, marital status or disability.

Recruitment and Selection training is provided to all those involved in recruitment panels within the Office. In addition, the Office has an established recruitment policy and as part of the Office’s commitment to Equality of Opportunity, it makes provision for accessibility for people with disabilities, by offering a guaranteed interview to disabled candidates who have declared their disability and meet the essential criteria listed in the job specification. We are committed to ensuring that reasonable adjustments are made for staff who may become disabled to ensure that they can continue to be effectively employed in the Office. It is also committed to making reasonable adjustments for applicants who indicate that they have a 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.

Staff composition

The profile of staff at 1 January 2019 shows that excluding employees from a non determined background 53.3% are Protestant and 46.7% are Roman Catholic. The profile of staff at 1 January 2018 showed that 55.8% were Protestant and 44.2% were Roman Catholic.

In relation to gender composition the overall profile of staff at 1 January 2019 also shows that 41.0% were male and 59.0% were female (42.9% were male and 57.1% were female at 1 January 2018). As at 1 January 2019 there were 6 members of SMT (excluding temporary/acting roles), 4 of whom were male (67%), 2 were female (33%).

As at the end of the financial year there were two members of staff remunerated at SCS scale, the Chief Executive and the Senior Director of Investigation. The Police Ombudsman is remunerated on the Judicial scale. The Police Ombudsman is male. One of those currently remunerated at SCS grade is male (50%), one is female (50%).

The most recent Equality Commission Northern Ireland monitored workforce statistics for 2017 for community background are 51.6% protestant and 48.4% Roman Catholic and for gender are 48.1% male, 51.9% female. Within the NI Public Sector the level of female representation was higher at 65.5% female and 34.5% male.

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. A quarterly health and safety report is also considered on the SMT agenda.

Assembly Accountability Report

Regularity of Expenditure

(This section is subject to audit)

There were no losses or special payments in the year ended 31 March 2019, none for the year ended 31 March 2018.

Fees and Charges

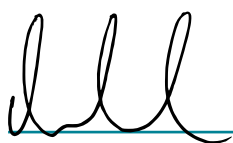
(This section is subject to audit)

No fees are chargeable by the Office of the Police Ombudsman for Northern Ireland for making a complaint. All complaints received are investigated free of charge to the person making a complaint. Under the respective agreements in place, any costs incurred in the investigation of matters in relation to the National Crime Agency or the UK Borders Authority are recharged to the relevant authority on the basis of full cost recovery in order that all such investigations are cost neutral to the Office. There have been no cost recharges under these agreements to date.

Remote Contingent Liabilities

(This section is subject to audit)

In addition to contingent liabilities which are reported in note 16 to the accounts on page 85 within the meaning of IAS 37, the Office is also required to report liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There were no such remote contingent liabilities for the year ended 31 March 2019, none for the year ended 31 March 2018.



Olwen Laird

Chief Executive Officer

10 June 2019

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

Opinion on financial statements

I certify that I have audited the financial statements of the Police Ombudsman for Northern Ireland for the year ended 31 March 2019 under the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Police Ombudsman for Northern Ireland's affairs as at 31 March 2019 and of the net expenditure for the year then ended; and
- 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 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Police Ombudsman for Northern Ireland in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

Opinion on other matters

In my opinion:

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, 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.

My objectives are to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

www.frc.org.uk/auditorsresponsibilities.

This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that 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.

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 parts of the Accountability 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 the Department of Finance'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
19 June 2019

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income and expenditure.

| | Note | 2018-19 £ | Restated 2017-18 £ |
|---|------|------------------|--------------------------|
| Income | | | |
| Other Operating Income | 3 | (90,389) | (108,945) |
| Total Operating Income | | (90,389) | (108,945) |
| Expenditure | | | |
| Staff costs | 5 | 7,081,590 | 6,801,948 |
| Depreciation and impairment charges | 6 | 334,932 | 312,797 |
| Provision expense | 6 | 266,926 | 132,395 |
| Other operating expenditure | 6 | 1,924,819 | 1,997,552 |
| Total Operating Expenditure | | 9,608,267 | 9,244,692 |
| Net Operating Expenditure | | 9,517,878 | 9,135,747 |
| Other Comprehensive Net Expenditure | | | |
| Items that will not be reclassified to net operating costs: | | | |
| Net (gain)/ loss on revaluation of Property Plant and Equipment | 7 | (1,660) | (1,739) |
| Net (gain)/loss on revaluation of Intangibles Assets | 8 | (6,178) | (19,835) |
| Comprehensive Net Expenditure for the year | | 9,510,040 | 9,114,173 |

The notes on the pages 66 to 87 form part of these accounts

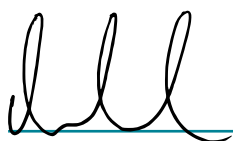
Statement of Financial Position as at 31 March 2019

This statement presents the financial position of the Office of the Police Ombudsman for Northern Ireland. It comprises three main components: assets owned or controlled; liabilities owed to other bodies, the remaining value of the entity.

| | Note | As at 31 March 2019 £ | As at 31 March 2018 £ |
|--|------|-----------------------------|-----------------------------|
| Non-current assets: | | | |
| Property, plant & equipment | 7 | 511,807 | 601,817 |
| Intangible assets | 8 | 420,604 | 481,710 |
| Trade and other receivables | 9 | 5,304 | 2,545 |
| Total non-current assets | | 937,715 | 1,086,072 |
| Current assets: | | | |
| Trade and other receivables | 9 | 152,375 | 159,742 |
| Cash and cash equivalents | 10 | 48,039 | 111,604 |
| Total current assets | | 200,414 | 271,346 |
| Total assets | | 1,138,129 | 1,357,418 |
| Current liabilities: | | | |
| Trade and other payables | 11 | (561,521) | (475,770) |
| Provisions | 12 | (348,500) | - |
| Total current liabilities | | (910,021) | (475,770) |
| Total assets less current liabilities | | 228,108 | 881,648 |
| Non-current liabilities: | | | |
| Provisions | | - | (132,500) |
| Total non-current liabilities | | - | (132,500) |
| Total assets less liabilities | | 228,108 | 749,148 |
| Taxpayers' equity and other reserves: | | | |
| General reserve | | (19,198) | 509,680 |
| Revaluation reserve | | 247,306 | 239,468 |
| Total equity | | 228,108 | 749,148 |

The notes on pages 66 to 87 form part of these accounts

The financial statements on pages 62 to 65 were approved and authorised for issue by:



Olwen Laird

Chief Executive

10 June 2019

Statement of Cash Flows for the year ended 31 March 2019

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Office of the Police Ombudsman for Northern Ireland during the reporting period. The statement shows how the Office of the Police Ombudsman for Northern Ireland generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Office of the Police Ombudsman for Northern Ireland. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Office of the Police Ombudsman for Northern Ireland's future public service delivery.

| | Note | 2018-19 £ | 2017-18 £ |
|---|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Net Operating Expenditure for the year | | (9,517,878) | (9,135,747) |
| Adjustments for non-cash transactions | 6 | 521,595 | 368,097 |
| (Increase)/decrease in trade and other receivables | 9 | 4,608 | 84,038 |
| Increase/(Decrease) in trade and other payables | 11 | 85,751 | 67,079 |
| Movements in payables relating to items not passing through the Net Expenditure Account | 7,8 | - | (6,113) |
| Use of provisions | 12 | (50,926) | (57,865) |
| Net cash outflow from operating activities | | (8,956,850) | (8,680,511) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (30,334) | (61,121) |
| Purchase of intangible assets | 8 | (65,381) | (61,202) |
| Net cash outflow from investing activities | | (95,715) | (122,323) |
| Cash flows from financing activities | | | |
| Grant-in-Aid to fund resource expenditure | | 8,893,000 | 8,718,000 |
| Grant-in-Aid to fund capital expenditure | | 96,000 | 141,000 |
| Net financing | | 8,989,000 | 8,859,000 |
| Net (decrease/increase) in cash and cash equivalents in the period | 10 | (63,565) | 56,166 |
| Cash and cash equivalents at the beginning of the period | 10 | 111,604 | 55,438 |
| Cash and cash equivalents at the end of the period | 10 | 48,039 | 111,604 |

The notes on pages 66 to 87 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Office of the Police Ombudsman for Northern Ireland, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of an Agency, to the extent that the total is not represented by other reserves and financing items.

| | General Fund £ | Revaluation Reserve £ | Taxpayers' Equity £ |
|---|-------------------|--------------------------|------------------------|
| Balance at 1 April 2017 | 786,427 | 217,894 | 1,004,321 |
| Changes in Taxpayers' Equity for 2017-18 | | | |
| Grant-in-Aid to fund resource expenditure | 8,718,000 | | 8,718,000 |
| Grant-in-Aid to fund capital expenditure | 141,000 | | 141,000 |
| Comprehensive net expenditure for the year | (9,124,247) | 21,574 | (9,102,673) |
| Auditors remuneration | (11,500) | | (11,500) |
| Balance at 31 March 2018 | 509,680 | 239,468 | 749,148 |
| Changes in Taxpayers' Equity for 2018-19 | | | |
| Grant-in-Aid to fund resource expenditure | 8,893,000 | | 8,893,000 |
| Grant-in-Aid to fund capital expenditure | 96,000 | | 96,000 |
| Comprehensive net expenditure for the year | (9,504,378) | 7,838 | (9,483,330) |
| Auditors remuneration | (13,500) | | (13,500) |
| Balance at 31 March 2019 | (19,198) | 247,306 | 228,108 |

The notes on pages 66 to 87 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by Department of Justice. 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 of the Police Ombudsman for Northern Ireland are described below. They have been applied consistently in dealing with items that are considered material to the accounts. (Please see prior period adjustment - note 17)

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 2019 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 became registered for Value Added Tax (VAT) during 2017/18. The Office pays output VAT to HMRC for invoices raised in relation to staff on secondment. The Office cannot reclaim any input VAT. Therefore all transactions are stated inclusive of input VAT.

1.4 Income

Income represents services provided to The Office of the Police Ombudsman's customers in the public sector as invoiced.

1.5 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 revalued to a depreciated value of the leasehold improvements in their existing use 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 2019. The current lease term for the lease of the building is until 30 June 2020.

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.

1.6 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 |

1.7 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.

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.

1.8 Pension costs

Past and present employees are covered by the Northern Ireland Civil Service (NICS) Pension arrangements which are described in the Remuneration and Staff Report on pages 44 to 55. 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 Northern Ireland Civil Service Pension of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Northern Ireland Civil Service Pension. In respect of the defined contribution elements of the schemes, the organisation recognises the contributions payable for the year.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.12.1 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.

1.12.2 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.

1.13 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.

1.14 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 1.6.

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 1.7.

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 12.

1.15 Accounting standards, amendments, interpretations or other updates that were issued and effective for the 2018-2019 financial year

| | |
|--------------------------------|--|
| Standard | IFRS 9 Financial Instruments |
| Effective date | 1 January 2018 (EU endorsed 22 November 2016) |
| FReM application | 2018-19 |
| Description of revision | IFRS 9 includes several improvements, and introduces substantially greater disclosure requirements, to the previous IAS 39 which includes: <ul style="list-style-type: none"> • a single approach to classification and measurement • a new forward-looking 'expected loss' impairment model; and • a revised approach to hedge accounting. |
| Comments | IFRS 9 will affect all public-sector bodies that have any financial Instruments (including trade receivables, lease receivables, loan commitments and contract assets). |

| | |
|--------------------------------|---|
| Standard | IFRS 15 Revenue from Contracts with Customers |
| Effective date | 1 January 2018 (EU endorsed 31 October 2017) |
| FReM application | 2018-19 |
| Description of revision | IFRS 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers. It also introduces substantially greater disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18). |
| Comments | IFRS 15 will affect all public-sector bodies. (see note 17) |

Review of Financial Process:

| Standard | Comments |
|---|---|
| IFRS 10 - Consolidated Financial Statements | The International Accounting Standards Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014. |
| IFRS 11 - Joint Arrangements | 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 HM Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of the new Standards. |
| IFRS 12 - Disclosure of Interests in Other Entities | |

1.16 Accounting standards, interpretations and amendments to published standards not yet effective

The Office has considered those new standards, interpretations and amendments to existing Standards which have been published and are mandatory for the Office's accounting periods beginning on or after 1 April 2019 or later periods, but which the Office has not adopted early. Other than as outlined below, the Office considers that these standards are not relevant or material to its operations.

| | |
|--------------------------------|--|
| Standard | IFRS 16 - Leases (replaces IAS 17 Leases and related interpretations) |
| Effective date | January 2019 (EU endorsed 31 October 2017) |
| Description of revision | <p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 Financial Instruments, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p> |
| Comments | IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020. |

1.17 Financial reporting - future developments

The Office has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers that these changes are not relevant or material to its operations.

2 Financial Targets

The Office of the Police Ombudsman for Northern Ireland has no formally agreed financial targets, however in accordance with the Management Statement and Financial Memorandum, the Office must not incur expenditure which exceeds its annual budget without prior approval from the Department of Justice.

3 Income From Sale of Goods and Service

| | 2018-19 £ | Restated 2017-18 £ |
|-------------------------------|---------------|--------------------------|
| Other Operating Income | | |
| Secondment income | 90,389 | 108,945 |
| Total Income | 90,389 | 108,945 |

Secondment income represents salary and travel costs of staff employed by the Office but seconded to other organisations.

4 Analysis of Net Operating Expenditure by Segment

| | Core Office £ | Historic Investigations £ | Complex Investigations £ | Total £ |
|--|---------------------|---------------------------------|--------------------------------|------------------|
| Gross Expenditure | 7,119,416 | 1,910,884 | 577,967 | 9,608,267 |
| Income from Secondments | (90,389) | - | - | (90,389) |
| Net Operating expenditure 2018-19 | 7,029,027 | 1,910,884 | 577,967 | 9,517,878 |
| Restated | | | | |
| Gross Expenditure | 6,858,171 | 1,928,488 | 458,033 | 9,244,692 |
| Income from Secondments | (108,945) | - | - | (108,945) |
| Net Operating expenditure 2017-18 | 6,749,226 | 1,928,488 | 458,033 | 9,135,747 |

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. Further information on the restatements can be found in note 17.

5 Staff Costs

| | 2018-19 £ | Restated 2017-18 £ |
|---|------------------|--------------------------|
| Amounts payable in respect of directly employed staff | | |
| Wages and salaries | 4,084,775 | 3,922,459 |
| Social security costs | 431,456 | 409,628 |
| Employer's pension contributions | 887,848 | 858,353 |
| Total direct employee staff costs | 5,404,079 | 5,190,440 |
| Amounts payable in respect of staff on secondment, agency/temporary staff and contract staff | 1,677,511 | 1,611,508 |
| Sub Total Staff Costs | 7,081,590 | 6,801,948 |
| Less recoveries in respect of outward secondments | (89,928) | (106,550) |
| Total net staff costs | 6,991,662 | 6,695,398 |

Further details on staff costs can be found in the Remuneration and Staff Report on pages 45 - 55 of the Accountability Report.

6. Other Expenditure

| | | | 2018-19 | Restated 2017-2018 |
|---|------|----------|------------------|-----------------------|
| | Note | £ | £ | £ |
| Travel and subsistence | | 108,898 | | 102,415 |
| Training, recruitment and other personnel costs | | 496,467 | | 424,390 |
| Rates, maintenance, electricity and other accommodation costs | | 425,998 | | 432,462 |
| Consultancy | | - | | 6,000 |
| Legal costs & internal audit | | 17,726 | | 21,374 |
| Information and media | | 62,092 | | 60,418 |
| Printing, stationery, postage and office equipment | | 94,300 | | 86,684 |
| Direct case investigation costs | | 94,049 | | 92,791 |
| Computer support including maintenance and telecommunications | | 345,729 | | 473,400 |
| Other costs | | 48,224 | | 61,659 |
| Operating leases - buildings | | 282,000 | | 282,000 |
| Operating leases - other | | 16,099 | | 19,554 |
| Auditors remuneration and expenses | | 13,500 | | 11,500 |
| | | | 2,005,082 | 2,074,647 |
| Non cash items: | | | | |
| Provisions - provided in year | 12 | 323,426 | | 186,650 |
| Provisions - released in year not required | 12 | (56,500) | | (54,255) |
| Depreciation and amortisation of assets: | | | | |
| Property, plant and equipment | 7 | 202,867 | | 172,392 |
| Intangible assets | 8 | 132,065 | | 140,405 |
| Revaluation of assets - (gains)/losses: | | | | |
| Property, plant and equipment | 7 | (1,939) | | (7,643) |
| Intangible assets | 8 | (2,408) | | (7,353) |
| Impairment of leasehold interest | 7 | (89,443) | | (62,099) |
| Disposals of assets - write-off: | | | | |
| Intangible assets - Furniture/fittings | 7 | 10,519 | | |
| Intangible assets - software licences | 8 | 3,008 | | - |
| | | | 521,595 | 368,097 |
| Total expenditure | | | 2,526,677 | 2,442,744 |

7. Property, Plant and Equipment

| 2018-19 | Buildings, leasehold improvements £ | Furniture & fittings £ | Information technology £ | Total £ |
|--|--|------------------------------|--------------------------------|------------------|
| Cost or valuation | | | | |
| At 1 April 2018 | 268,000 | 517,342 | 919,785 | 1,705,127 |
| Additions | 10,196 | 1,008 | 19,130 | 30,334 |
| Revaluations | (29,668) | 7,112 | 8,600 | (13,956) |
| Disposals | - | (29,334) | (14,783) | (44,117) |
| At 31 March 2019 | 248,528 | 496,128 | 932,732 | 1,677,388 |
| Depreciation | | | | |
| At 1 April 2018 | - | 389,207 | 714,103 | 1,103,310 |
| Charged in year | 119,111 | 22,297 | 61,459 | 202,867 |
| Revaluations/Back log | (119,111) | 5,452 | 6,661 | (106,998) |
| Disposals | - | (18,815) | (14,783) | (33,598) |
| At 31 March 2019 | - | 398,141 | 767,440 | 1,165,581 |
| Net book value at 31 March 2019 | 248,528 | 97,987 | 165,292 | 511,807 |
| Net book value at 31 March 2018 | 268,000 | 128,135 | 205,682 | 601,817 |

| 2017-18 | Buildings, leasehold improvements £ | Furniture & fittings £ | Information technology £ | Total £ |
|--|--|------------------------------|--------------------------------|------------------|
| Cost or valuation | | | | |
| At 1 April 2017 | 265,000 | 515,511 | 876,216 | 1,656,727 |
| Additions | 22,439 | 22,032 | 16,650 | 61,121 |
| Revaluations | (19,439) | 1,921 | 26,919 | 9,401 |
| Disposals | - | (22,122) | - | (22,122) |
| At 31 March 2018 | 268,000 | 517,342 | 919,785 | 1,705,127 |
| Depreciation | | | | |
| At 1 April 2017 | - | 388,646 | 626,474 | 1,015,120 |
| Charged in year | 81,538 | 22,501 | 68,353 | 172,392 |
| Revaluations/Back log | (81,538) | 182 | 19,276 | (62,080) |
| Disposals | - | (22,122) | - | (22,122) |
| At 31 March 2018 | - | 389,207 | 714,103 | 1,103,310 |
| Net book value at 31 March 2018 | 268,000 | 128,135 | 205,682 | 601,817 |
| Net book value at 31 March 2017 | 265,000 | 126,865 | 249,742 | 641,607 |

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

IAS 16 and IFRS 13 both require 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 £248,528 as at 31 March 2019 (£268,000 as at 31 March 2018). The open market valuation at that date was £nil (£nil at 31 March 2018).

All other assets were re-valued on the basis of the latest available indices, as at 31 March 2019. This has resulted in an overall increase in valuation/write down of impairment of £93,042 as at 31 March 2019, which has been analysed below.

| Analysis of property, plant and equipment revaluations | 2018-19 | | 2017-18 | |
|---|--------------|-----------------------------|--------------|-----------------------------|
| | Revaluation | Comprehensive | Revaluation | Comprehensive |
| | Reserve £ | Expenditure Account £ | Reserve £ | Expenditure Account £ |
| Fixtures & fittings | 1,660 | - | 1,739 | - |
| Information technology | - | 1,939 | - | 7,643 |
| | 1,660 | 1,939 | 1,739 | 7,643 |

| Analysis of property, plant and equipment write down of impairments | 2018-19 | | 2017-18 | |
|---|--------------|-----------------------------|--------------|-----------------------------|
| | Revaluation | Comprehensive | Revaluation | Comprehensive |
| | Reserve £ | Expenditure Account £ | Reserve £ | Expenditure Account £ |
| Buildings - leasehold improvements | - | 89,443 | - | 62,099 |

8. 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).

| 2018-19 | Information technology, case handling system £ | Software licences £ | Total £ |
|--|---|---------------------------|------------------|
| Cost or valuation | | | |
| At 1 April 2018 | 1,774,571 | 706,237 | 2,480,808 |
| Additions | - | 65,381 | 65,381 |
| Revaluations | 16,533 | 6,639 | 23,172 |
| Disposals | - | (55,451) | (55,451) |
| At 31 March 209 | 1,791,104 | 722,806 | 2,513,910 |
| Amortisation | | | |
| At 1 April 2018 | 1,545,534 | 453,564 | 1,999,098 |
| Charged in year | 62,408 | 69,657 | 132,065 |
| Revaluation/Back log | 10,355 | 4,231 | 14,586 |
| Disposals | - | (52,443) | (52,443) |
| At 31 March 2018 | 1,618,297 | 475,009 | 2,093,306 |
| Net book value at 31 March 2019 | 172,807 | 247,797 | 420,604 |
| Net book value at 31 March 2018 | 229,037 | 252,673 | 481,710 |

| 2017-18 | Information technology, case handling system £ | Software licences £ | Total £ |
|--|---|------------------------|------------------|
| Cost or valuation | | | |
| At 1 April 2017 | 1,721,599 | 619,882 | 2,341,481 |
| Additions | - | 67,315 | 67,315 |
| Revaluations | 52,972 | 19,040 | 72,012 |
| Disposals | - | - | - |
| At 31 March 2018 | 1,774,571 | 706,237 | 2,480,808 |
| Amortisation | | | |
| At 1 April 2016 | 1,434,045 | 379,824 | 1,813,869 |
| Charged in year | 78,352 | 62,053 | 140,405 |
| Revaluation/Back log | 33,137 | 11,687 | 44,824 |
| Disposals | - | - | - |
| At 31 March 2018 | 1,545,534 | 453,564 | 1,999,098 |
| Net book value at 31 March 2018 | 229,037 | 252,673 | 481,710 |
| Net book value at 31 March 2018 | 287,554 | 240,058 | 527,612 |

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 2019. This has resulted in a increase in valuation of £8,586 at 31 March 2019, which has been analysed below.

| Analysis of intangible revaluations | 2018-19 | | 2017-18 | |
|---|-----------------------------|-----------------------------------|---------------------|---------------------------|
| | Revaluation Reserve Account | Comprehensive Expenditure Account | Revaluation Reserve | Comprehensive Expenditure |
| | £ | £ | £ | £ |
| Information technology (case handling system) | 6,178 | - | 19,835 | - |
| Software licences | - | 2,408 | - | 7,353 |
| | <u>6,178</u> | <u>2,408</u> | <u>19,835</u> | <u>7,353</u> |

| Analysis of intangibles payments | Note | 2018-19 £ | 2017-18 £ |
|--|------|---------------|---------------|
| Intangibles additions | | 65,381 | 67,315 |
| Decrease/(Increase) in accruals related to intangibles | 11 | - | (6,113) |
| Total cash payments for intangibles | | <u>65,381</u> | <u>61,202</u> |

9. Trade Receivables and Other Current Assets

| | 2018-19 £ | 2017-18 £ |
|--|----------------|----------------|
| Amounts falling due within one year: | | |
| Deposits and advances | 800 | 2,622 |
| Prepayments and accrued income | <u>151,575</u> | <u>157,120</u> |
| | 152,375 | 159,742 |
| Amounts falling due after more than one year: | | |
| Prepayments and accrued income | <u>5,304</u> | <u>2,545</u> |
| Total | 157,679 | 162,287 |

10. Cash and cash Equivalents

| | 2018-19 £ | 2017-18 £ |
|--|---------------|----------------|
| Balance as at 1 April 2018 | 111,604 | 55,438 |
| Net changes in cash and cash equivalents | (63,565) | 56,166 |
| Balance at 31 March 2019 | 48,039 | 111,604 |
| The following balances were held at: | | |
| Commercial banks and cash in hand | 48,039 | 111,604 |
| Balance at 31 March 2019 | 48,039 | 111,604 |

11. Trade Payables and Other Current Liabilities

| | 2018-19 £ | 2017-18 £ |
|---|----------------|----------------|
| Amounts falling due within one year: | | |
| Trade payables | 859 | (77) |
| Other taxation and social security | 1,984 | 3,704 |
| Employee benefit accrual | 177,275 | 166,967 |
| Accruals and deferred income | 381,403 | 305,176 |
| Total | 561,521 | 475,770 |

Total of Trade Payables & Other Current Liabilities includes £nil for capital creditors/accruals (£6,113 in 2017-18).

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

12. Provisions for Liabilities and Charges

| | 2018-19 £ | 2017-18 £ |
|--------------------------------------|----------------|----------------|
| Balance at 1 April | 132,500 | 57,970 |
| Provided in the year | 323,426 | 186,650 |
| Provisions not required written back | (56,500) | (54,255) |
| Provisions utilised in the year | (50,926) | (57,865) |
| Balance at 31 March | 348,500 | 132,500 |

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 - ie the provision is based on current estimates of costs incurred and likely settlement (if any) where the expected risk of failure exceeds 50% and on the accrued costs to date of defending legal actions, where no recovery of such costs is likely.

At 31 March 2019 the Office had 16 ongoing cases with an overall provision of £348,500. The provision which has been calculated in respect of these matters is £222,000 for five Judicial Reviews, £93,500 for eight civil actions, £8,000 for an employment action and £25,000 in relation to two inquests. For all of these cases the provision relates to the legal costs incurred in defending these matters. At 31 March 2018 the provision of £132,500 was in respect of three Judicial Reviews, seven Civil Actions and one inquest.

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

13. Capital Commitments

As at 31 March 2019 the Office of the Police Ombudsman for Northern Ireland contracted capital commitments amounting to £nil (£6,000 as at 31 March 2018).

14. Commitments Under Leases

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

| | 2018-19 £ | 2017-18 £ |
|---|----------------|----------------|
| Obligations under operating leases comprise: | | |
| <i>Buildings</i> | | |
| Not later than one year | 282,000 | 282,000 |
| Later than one year and not later than five years | 70,500 | 352,500 |
| Later than five years | - | - |
| <i>Other:</i> | | |
| Not later than one year | 19,301 | 197 |
| Later than one year and not later than five years | 26,760 | - |
| Later than five years | - | - |
| Total | 398,561 | 634,697 |

The Office leases its current office accommodation under a lease up to 30 June 2020.

15. Other Financial Commitments

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

16. Contingent liabilities disclosed under IAS 37

At 31 March 2019, the Office of the Police Ombudsman for Northern Ireland had sixteen cases for which it has provided. In twelve of these cases the costs provided for relate to the costs of defending these matters only. There are four other cases for which no provision has been made. In the unlikely event that the Office should lose these cases, the estimate of maximum damages and further legal costs that could arise is £326,000 (31 March 2018: £341,000 estimate of maximum damages/legal fees in respect of eleven cases).

There are a number of strategic litigation cases that have been lodged in relation to holiday pay for NICS employees. Given the nature of these cases and stage of the proceedings it is not possible to determine the outcome or to quantify any potential financial impact on the Office.

17. Prior Year Adjustment between Income and Expenditure

Income

During the course of the last few years, the Office has seconded a small number of its staff to work in other organisations. The secondment agreements made include that salary and related costs are re-imbursed. In previous years, income received was netted off expenditure and was not being disclosed separately. This effect of the previous treatment was that both income and total expenditure have been understated. This year, in order to more fully reflect the position, income received by the Office in respect of staff seconded out to other organisations has been shown separately as income on the Statement of Comprehensive Net Expenditure and the full costs of staff also shown within operating expenditure. A prior period adjustment has also been established to amend the figures for the 2017/18 financial year as outlined below.

The prior period adjustment has resulted in amendments to Income, Total Staff costs and Other Operating Expenditure as outlined below. There is no impact on the Tax Payers' Equity.

Restatements to the 2017-18 financial statements are noted below:

| Statement of Comprehensive Net Expenditure | Original | Adjustment | Restated |
|--|-----------|------------|-----------|
| Income | - | (108,945) | 108,945 |
| Total Staff costs | 6,695,398 | 106,550 | 6,801,948 |
| Other Operating Expenditure | 1,995,157 | 2,395 | 1,997,552 |
| Note 6 - Other expenditure | | | |
| Travel and Subsistence | 100,020 | 2,395 | 102,415 |

18. 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 2019.

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 two other entities for which the Department of Justice is regarded as the parent Department, namely Forensic Science Northern Ireland and NI Courts and Tribunals Service.

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.

19. 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.

20. Events after the Reporting Period

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

Date of Authorisation for issue

The financial statements were authorised for issue by the Accounting Officer on 19 June 2019.



Police Ombudsman for Northern Ireland

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