



ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

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

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

on 24 June 2013

Glossary of Abbreviations

BBA	Broadly by Analogous
C&AG	Comptroller and Auditor General
CARE	Career Average Related Earnings
CCTV	Closed Circuit Television
CETV	Cash Equivalent Transfer Value
CHS	Case Handling System
CJINI	Criminal Justice Inspection Northern Ireland
CPI	Consumer Prices Index
CSP	Civil Service Pensions
DFP	Department of Finance and Personnel
DOJ	Department of Justice
FReM	Financial Reporting Manual
FSNI	Forensic Science Northern Ireland
FTE	Full Time Equivalent
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard
MOU	Memorandum of Understanding
MSFM	Management Statement and Financial Memorandum
NDPB	Non Departmental Public Body
NICS	Northern Ireland Civil Service
NIPB	Northern Ireland Policing Board
NIPSA	Northern Ireland Public Service Alliance
PCSPS(NI)	Principal Civil Service Pension Scheme(Northern Ireland)
PSNI	Police Service of Northern Ireland
RPI	Retail Prices Index
SCS	Senior Civil Service
SMT	Senior Management Team
VAT	Value Added Tax

© Police Ombudsman for Northern Ireland Copyright 2013

You may re-use this document/publication (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, please visit <http://www.nationalarchives.gov.uk/doc/open-government-licence> or email psi@nationalarchives.gsi.gov.uk

For further details about the re-use of Police Ombudsman for Northern Ireland information, or enquiries about this publication/document, please write to Police Ombudsman for Northern Ireland, 11 Church Street, Belfast, BT1 1PG or email info@policeombudsman.org.

This document/publication is also available on our website at www.policeombudsman.org.

Index to the Annual Report and Accounts

■ Foreword	4 – 6
■ Report of the Chief Executive	7– 24
■ Remuneration Report	25 – 30
■ Statement of the Police Ombudsman for Northern Ireland and the Chief Executive’s Responsibilities	31
■ Governance Statement	32 – 37
■ Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	38 – 39
■ Statement of Comprehensive Net Expenditure	40
■ Statement of Financial Position	41
■ Statement of Cash Flows	42
■ Statement of Changes in Taxpayers’ Equity	43
■ Notes to the Accounts	44 – 62
■ Appendix 1 - Key Performance Indicators	63

Foreword by the Police Ombudsman

I have always believed in the importance of the Office of the Police Ombudsman (the Office) and the critical role it has played in the civilian oversight of the police in Northern Ireland. I consider it a privilege to have been asked to assume the responsibility for the Office which I did on 16 July 2012. The Office was established in 2000 and since then has been praised locally and internationally as a model for police oversight.

Since taking responsibility for the Office I have spent considerable time listening to what key stakeholders think about the Office and the work that it does. While there is a diverse range of views I have been encouraged by the support and encouragement given to me personally on my appointment and by the recognition of the important role the Office plays in police accountability. There is a strong desire among all the stakeholders I spoke to for the Office to succeed.

There is no doubt, however, that the past couple of years have been a difficult time for the Office with widespread public debate on its role and performance. Looking over the substantial work that has been undertaken within the past year I believe we have turned the corner on this difficult past and can demonstrate a firm basis for the further delivery of a first class complaints service that is highly regarded by all those who engage with us. The delivery of an impartial, independent and quality complaints service is at the core of what we do.

One of the key areas to be addressed on my appointment was in relation to the investigation of historical cases. This work was suspended as a

result of the inspection by the Criminal Justice Inspectorate. Within the past year additional funding was granted by the Department of Justice to undertake the investigation of history cases and there was considerable effort to recruit experienced and skilled staff into the Directorate. In my first months in Office I focused directly on the systems and procedures within the Directorate, building on the excellent work that had already been undertaken.

The development work around the History Directorate has included the recruitment of experienced and skilled staff; increased checks and balances in the handling of sensitive information; improved quality assurance arrangements; policy changes to facilitate performance improvement and improved communication arrangements with families and their representatives.

The progress within this area was the subject of a further independent inspection by the Criminal Justice Inspectorate and Her Majesty's Inspectorate of Constabulary in October 2012. The Inspection Report was extremely positive and made the single recommendation that history cases should re-commence. I accepted this recommendation and the suspension was lifted in January 2013. The first stage was the prioritisation of cases. Families and their representatives were informed of the result of this process and investigations have re-commenced.

I do not see these changes as a simple continuation of where we have left off but rather as a new approach to the investigation of history cases and a commitment to the delivery of robust, independent and quality investigations. We will also engage with those who trust us with their complaints in a

professional and consistent manner. The resources necessary to undertake the difficult and sensitive work in historical cases will need to be kept under continual review in order to ensure timely and effective investigations.

Investigation into the past represents enormous challenges for the Office. Since my appointment I have been struck by the pain and suffering of families who have lost loved ones in “the Troubles” and who seek answers to what has happened. I believe we have a significant responsibility to try and answer some of these questions, where we can, within the context of an investigation into alleged criminality and misconduct. While we may never meet all the needs of families who trust us with their complaints we have a responsibility to undertake what we can. We also have a responsibility to ensure that reports are evidence-based and reflect accurately the realities of what happened during some very difficult times.

It is important that the work of the Office is not defined by the investigation into historical cases. We receive in the region of 3000 complaints per year about contemporary policing. Dealing with these complaints consumes the majority of resources within the Office. Over the past year we published a number of reports on significant cases into the performance of the PSNI. These high profile cases included:

- An investigation into the shooting of Mr Marc Ringland by an off-duty police officer. My investigation found that the police officer was justified in the discharge of his firearm;
- An investigation into whether the police could have observed and acted in relation to the murder

of Mr Seamus Fox beside Woodbourne Police Station. My investigation found that the attack was very brief and the police did not observe it happening; and

- A report into the police investigation of Mr James Fenton who was a high risk missing person who went missing from Ulster Hospital, Dundonald. In this case I found that the police had made a catalogue of mistakes in their investigation and had failed the Fenton family in their search for James. In total 13 officers were recommended for disciplinary action.

This work reflects the balanced portfolio of the Office and demonstrates, in a very public way, that I am not afraid to criticise the police when appropriate. At the same time sound practice must also be recognised when it is shown to have been the case. Once again this demonstrates my commitment to high quality, independent and impartial investigations that are evidence-based. The quality of the work of the Office is reflected in the continued high level of public confidence in the work of the Office.

A further area of significant progress has been in relation to the strengthening of senior management and the aim to build a unified and committed Senior Management Team. It is an obvious but important observation that since last year personnel within the three most senior posts in the organisation – Police Ombudsman, Chief Executive and Senior Director of Investigations – have changed. In January of this year I appointed a new Chief Executive and subsequent to that appointment there were further senior management changes. We have also strengthened the governance arrangements within the Office and developed a new memorandum

of understanding with the Department of Justice which copper fastens the respective roles of both organisations in key areas of business. These changes have addressed the governance concerns raised about the Office in previous reports.

I would like to thank Colin Lewis who was Interim Chief Executive from April to July. Colin provided important leadership to the Office prior to my appointment in July 2012.

Operational independence is and must always be at the cornerstone of the organisation. Since joining the Office I have been impressed by the commitment of staff to the values and objectives of independent civilian oversight of the police and by their hard work in making this happen on a daily basis. This report reflects this hard work and I commend it to you.



Dr Michael Maguire
Police Ombudsman

Report of the Chief Executive

Introduction

In writing this report I am very aware that I have only been in post since January 2013. I am pleased to report in this, my first annual report, on the business and performance of the Office over the past year.

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

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

In reflecting on my first few months in post, I have been hugely impressed by the work of the Office and in particular the commitment and enthusiasm of the staff. I have no doubt that the Office has very firm foundations on which to build as we face the challenges that the coming years will bring.

Last year was a demanding one for the Office and in particular the approach to historic investigations. It is to the credit of those involved that the Office is now well placed to carry out those investigations and provide timely and high quality reports on some very complex and sensitive issues.

Following the re-launch of historic investigations, we have seen a notable increase in the number of complaints of a historic nature. We will closely monitor this issue and ensure that we identify the resources we need to undertake consistently thorough and timely investigations.

At the same time, the work of the Office is very much about contemporary policing. How we record, investigate and report on complaints arising from policing in Northern Ireland today is very much at the heart of what we do.

Our performance in that regard remains good with many targets being achieved. At the same time the satisfaction of complainants with our service is lower than we would want it to be whilst that of police officers has been maintained at higher levels than those of complainants. We need to understand the reasons behind these outcomes and consider carefully how we might change what we do to ensure that high levels of satisfaction are achieved for both complainants and police officers.

I am delighted to have been appointed as Chief Executive of the Office and am very aware of the challenges we face; the scrutiny our work is under; and the importance of our findings to complainants, the police and the wider public of Northern Ireland.

I am of the firm belief that we have the fortitude, talent and determination to meet the challenges we face.

I also recommend that you visit our website for more detail on our work. www.policeombudsman.org.

Statutory Duties and Background

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

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

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

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

Principal Activities

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

It investigates complaints against the Police Service of Northern Ireland, the Belfast Harbour Police, the Larne Harbour Police, the Belfast International Airport Police and Ministry of Defence Police in Northern Ireland and the Serious Organised Crime Agency when its staff operates in this jurisdiction.

The Office is also responsible for the investigation of criminal allegations made against staff of the UK Borders Agency whilst exercising the powers of constable here in Northern Ireland.

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

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

Strategic Context

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

Case Study

18 YEAR OLD MAN KILLED

The Office investigated the circumstances in which an 18 year old man died in a road accident. He had been the passenger in a car being driven by his friend who had lost control while trying to evade a pursuing police car.

Following the investigation, the police officer who was driving the pursuing vehicle was convicted of causing death by careless driving. Evidence produced to the Crown Court showed that he had been driving at a speed in excess of 90mph. He was sentenced to a Community Service Order and is now the subject of police misconduct proceedings.

The driver of the car who was trying to evade police was sentenced to four years imprisonment and banned from driving for ten years for causing death by dangerous driving.

THE POLICE OMBUDSMAN FOR NORTHERN IRELAND IS:

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

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

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

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

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

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

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

Case Study

SERIOUS ASSAULT

A man who was the victim of a serious assault complained after he received a letter from the Public Prosecution Service informing him that there was insufficient evidence to bring a prosecution. He alleged that police had failed to investigate the assault properly.

Ombudsman investigators reviewed the case papers and were able to identify a succession of failings on the part of the police officer tasked with the case.

The investigators identified further investigative opportunities and made a recommendation to the PSNI that they should re-investigate the matter.

Following a new police investigation a man was convicted for the assault and received a suspended prison sentence.

The Police Ombudsman recommended that the original investigating officer and three other police officers involved in the case, including two of a supervisory rank, be disciplined.

Annual Business Planning 2012/13

The vision, mission, strategic goals, objectives, indicators and targets for the year 2012/13 were set by the Interim Chief Executive in consultation with directors.

Progress in relation to 2012/13 targets was reviewed quarterly and steps were taken throughout the year both to maintain performance and to focus effort on those targets requiring attention. Quarterly reports were provided to the Department of Justice Accounting Officer through the Sponsor Division, Policing Policy and Strategy Division. The 2013/14 Annual Business Plan has been agreed and is available on the Office website at www.policeombudsman.org.

The Office established six strategic objectives for the 2012/13 financial year and monitored progress against these objectives throughout the year. The following sections reflect on the performance of the Office against each objective.

Case Study

A complainant wrote:

"Thank you for everything you have done for us as a family. I cannot thank you enough for all your hard work and will never be able to tell you how much it means to me that you believed me from the start."

OBJECTIVE 1

To deliver high quality, effective and timely investigations

OVERVIEW

Overall the Office has performed well. There was a small reduction in the overall volume of complaints received and a more significant reduction in the number of allegations made compared to the previous twelve months.

The timeliness of dealing with complaints and investigations was good as was performance in keeping complainants and police officers informed of progress. On a less positive note, complainant satisfaction was 52% and less than two thirds of complainants said they would be willing to use the service again. By contrast over 70% of police officers said they were satisfied with the service provided.

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

- 3,265 new complaints were received, a slight decrease of 2% on last year
- 5,200 allegations were received, a decrease of 13% on last year
- 3,257 complaints were closed, a slight decrease of 2% on last year
- 91% of all appropriate matters reported to the Office were registered within 3 working days of receipt
- 87% of complaints received were actioned within 5 working days of receipt
- 95% of complaints (not subject to investigation or informal resolution) were dealt with within 40 working days
- 13% of all complaints closed were assessed for quality assurance purposes within 60 working days
- 92% of complainants were contacted by the

Investigating Officer within 3 working days of the complaint being allocated to that officer

- 89% of complainants updated every 6 weeks
 - *82% of police officers updated every 6 weeks
 - 76% of complaints investigated (other than grave or exceptional matters) completed within 110 working days
 - 52% of complainants satisfied with the service they received
 - 63% of complainants willing to use the service again
 - 73% of police officers satisfied with the service provided
- (*extracted by way of sampling)

Case Study

SEARCH WAS NOT EXCESSIVE

A woman made a complaint to the Police Ombudsman's Office following her arrest and detention at a police station. The woman complained that she had not been given her right to consult a solicitor and that while in police custody she was subjected to a search which was inappropriate and excessive.

Police Ombudsman investigators examined all the police documentation in relation to the woman's arrest and detention.

The events in question were captured on a CCTV camera in the police station, which investigators watched. The footage showed a police officer explaining the woman's rights to her and showed that the search was not excessive.

The Police Ombudsman concluded that the search of the woman was necessary and proportionate to the circumstances and that there was no evidence of misconduct on the part of any of the police officers involved.

OBJECTIVE 2

To implement the strategy to deal with historic cases

OVERVIEW

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

Those issues have been addressed and the Office now has in place a robust strategy to deal with what are complex and demanding investigations. During December 2012, CJINI carried out a follow up inspection and following their report, historic investigations were re-launched in January 2013.

The suspension of historic investigations inevitably meant that this objective and related targets as set out in the business plan for 2012/13 were not met. However significant and important progress was made in establishing strong foundations for 2013/14. In particular:

- a historic investigation prioritisation policy has been implemented
- a "Care and Support" Framework (delivery framework) has been established
- twenty five historic investigation reviews were conducted
- investigation into historic cases was recommenced

This work has placed the Office in a strong position to deliver on renewed commitments for 2013/14.

OBJECTIVE 3

To implement an enhanced communication strategy as a means of contributing to improved confidence in the police complaints system

OVERVIEW

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

Integral to maintaining public confidence is the implementation of an effective communication strategy which promotes the work of the Office not only to the public but also to our key stakeholders and the police. We now have this in place and 2013/14 will see a renewed focus on this important aspect of our work. Of particular note is that:

- a communication strategy has been agreed and is being implemented
- the most recent public attitudes survey confirmed 84% public awareness of the Office with 76% of those who had heard of the Office being confident that we deal with complaints against police in an impartial manner.

OBJECTIVE 4

To make recommendations to the PSNI and the NIPB which are designed to contribute to more effective policing

OVERVIEW

The performance measure to assess effectiveness in improving police policy and practice has hitherto been confirmation that the recommendations made by the Office have been accepted and implemented by the police.

The Office has been working with the PSNI and the Policing Board to find ways of securing evidence that our recommendations have an effect 'on the ground'.

Our joint aim is to secure better evaluation of the impact of recommendations made by the Office in respect of policing policy and practice. This work will continue during 2013/14. During the year:

- the Office made 41 recommendations to PSNI for improvements in police policies and practices and 5 such recommendations to Belfast Harbour Police
- agreed a broad strategy with PSNI and the Policing Board for the purpose of evaluating the effectiveness and impact of policy recommendations made by the Office
- completed a Statistics and Research publication strategy

OBJECTIVE 5

To implement the recommendations arising from various reports which were commissioned to review the operational independence and governance of the Office

OVERVIEW

The Office developed and implemented an action plan and in doing so worked through the key recommendations of the various reports on the Office.

The action plan was implemented to the satisfaction of both the Police Ombudsman and me and ensured robust delivery on the recommendations made.

During the latter part of the year the independent internal auditor carried out an examination of Corporate Governance and Risk Management in the Office. The audit reflected significant improvements in this important area and provided a satisfactory assurance rating. It is my intention to build upon these improvements with a view to the Office becoming a recognised benchmark for excellent governance.

Of particular note is the Office's implementation of:

- a restructured senior management team and associated governance arrangements including unambiguous lines of reporting
- refocused risk management processes

OBJECTIVE 6

To ensure that there is effective and efficient management of the physical, human and financial resources of the Office

OVERVIEW

The Office ensured effective and efficient stewardship of the resources provided to it to undertake its statutory duties.

During the course of the year we continued to recruit for and resource the enlarged History Directorate. The incremental build up of this team combined with some senior level posts being unfilled for periods resulted in easements back to the DOJ of £880k during the course of the year.

The first full year impact of the revised sickness absence policy to March 2013 saw a significant reduction on what were already good sickness absence figures.

Overall, the management of resources was effective and in particular:

- expenditure was controlled within budget with easement of £880k
- sickness absence was 2.75% - a reduction from 3.96% in the previous year
- work on 2013/14 and 2014/15 resource planning was ongoing as part of the three year strategic planning process
- the 2011/12 Annual Report and accounts were laid in the NI Assembly in July 2012

A more comprehensive record of our performance against key indicators, including satisfaction rates, timeliness and confidence levels is included at Appendix 1.

Executive Management

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

Dr M Maguire	Police Ombudsman
Mr A McAllister	Chief Executive
Mrs O Laird	Director of Corporate Services
Mr G Mullan	Director of Research and Performance
Mr T Gracey	Director of Information
Mr P O'Sullivan	Director of Investigation
Mr P Holmes	Director of Investigation
Mr S McIlroy	Director of Legal Services

The Police Ombudsman, Dr M Maguire, took up post on 16 July 2012.

The Interim Chief Executive, Mr C Lewis, left the Office on 27 July 2012.

Mr J Kitson, former Director of Legal Services, left the Office on 30 September 2012.

Mr S McIlroy, Director of Legal Services, took up post on 7 January 2013.

The Chief Executive, Mr A McAllister, took up post on 14 January 2013.

Mr P O'Sullivan acted as Senior Director of Investigation from 1 October 2011 until 31 March 2013.

Mr J Smyth acted as Director of Investigation from 27 April 2011 to 31 March 2013.

Budget and resources

During the course of the financial year, the Office continued to demonstrate sound financial management of the resources made available to it. Of the initial revenue budget allocation of £9,524k, the Office eased £880k back to the sponsor

Department. These easements were mainly as a result of the incremental process to fully establish and resource the enlarged Historic Team which was ongoing throughout the year following approval of the Historic Business Case in March 2012 and also due to a number of vacancies being carried during the year at senior level, notably the posts of Police Ombudsman and Chief Executive.

Trends and patterns in complaints and allegations

During 2012/13 the Office received 3,265 complaints representing a 2% decrease compared with the previous year. The volume of allegations received during the year fell to 5,200 representing a 13% decrease compared with 2011/12.

Of the complaints received the vast majority (3,212) were in relation to the conduct of PSNI officers. The remainder were mainly directed against PSNI Designated Civilians (a Designated Civilian is a person employed within PSNI in a role which has been designated by the Chief Constable to fall within the remit of this Office – such roles include custody officers and civilian investigators).

65% of complaints were made directly to the Police Ombudsman's Office with 20% coming from legal representatives and 15% being referred via the police.

By virtue of section 55 of the Police (Northern Ireland) Act 1998 the Police Ombudsman can investigate matters about which no complaint has been made. During the year 42 such matters were referred by the Chief Constable, including 12 Historic Enquiry Team referrals. Sixteen were matters which the Police Ombudsman decided to investigate in the public interest and one matter was referred by the Director of Public Prosecutions. At the conclusion of a section 55 investigation the Office is required to send a copy of the investigation report (Regulation 20

report) to the Chief Constable, the Department of Justice and the Policing Board. Thirteen regulation 20 reports were issued during the reporting year.

With regard to allegations made against the police, over one third related to Failures in Duty with Oppressive Behaviour constituting the second largest category of allegation.

The Office made 305 recommendations to the Chief Constable that action be taken against police officers. Slightly more than half of these recommendations were that the officer should receive Advice and Guidance. Three recommendations for action were made arising from investigations into the conduct of Belfast Airport and Belfast Harbour police officers. There were ten recommendations for formal disciplinary hearings and 13 recommendations for criminal prosecution of police officers, involving 19 charges. In addition, the Office made 46 recommendations for improvements in policing policies and practices.

Public Attitudes towards the Office

As part of our programme of research, we conduct annual surveys of public awareness of the police complaints system. Results from the 2013 survey indicate that a high proportion of respondents were aware of the Police Ombudsman (84%). Of those who had heard of the Police Ombudsman, the majority (84%) thought that the Office was independent of the police.

In the 2013 survey the majority (76%) of those respondents who had heard of the Police Ombudsman were either fairly confident or very confident that complaints are dealt with in an impartial way. In addition, most respondents (83%) considered that the Police Ombudsman would help ensure that police in Northern Ireland do a good job.

Case Study

TASER DISCHARGE

The Police Ombudsman found that police officers acted properly when they discharged a Taser at a man with a knife.

The police had responded to a 999 call reporting that a man was threatening to harm himself. When they arrived at the scene the police officers were told the man was armed with a knife and had barricaded himself in a bedroom.

The officers made attempts to persuade the man to leave the room, but he refused and made threats to cut his own throat.

Fearing for his safety, two police officers forced entry into the room and saw the man was holding a knife to his throat. They warned him that if he did not drop the knife, they would discharge a Taser.

The man refused and the Taser was discharged. The officers took the knife from the man, who was then detained and taken to hospital.

Whenever police officers discharge a Taser, a referral is made to the Police Ombudsman.

The Police Ombudsman found that the police officers had acted appropriately and had used a necessary and proportionate level of force in the circumstances.

Case Study

PEDESTRIAN STRUCK BY CAR

A woman complained following an incident in which she was struck by a car that was completing a parking manoeuvre.

The woman reported the matter to the police and gave them the contact details of two people who saw what happened.

A number of weeks later one of the witnesses to the incident spoke to the woman and told her that the police had not been in contact to record a statement. It then transpired that the second witness had not been seen by the police either. As a consequence the woman contacted the police but did not feel that she received a helpful response.

The woman contacted the Police Ombudsman to complain about the poor police response and the attitude of some of the police officers she had encountered.

The Police Ombudsman took the view that an attempt should be made to resolve the matter informally and without an investigation. The woman agreed to this approach.

A Police Inspector was appointed to make contact with her. Having spoken with the woman, the Inspector directed the Investigating Officer to ensure that a file was sent to the Public Prosecution Service and offered an apology on behalf of the PSNI.

The woman informed the Police Ombudsman's Office that she was satisfied with the outcome and the matter was closed.

Complainant Satisfaction

The Office also conducts surveys for the purpose of ascertaining complainant satisfaction with the service provided. Overall complainant satisfaction levels have fallen from 65% in 2009/10 to 52% in 2012/13.

In the Annual Business Plan for 2013/14 the Office has set an objective of increasing levels of satisfaction.

Police Officer Satisfaction

The Police Officer Satisfaction Survey enables police officers who were subject to investigation by the Police Ombudsman's Office to express their views on the service provided by the Office. Overall police officer satisfaction with the service of the Office remains high at 73%.

Equality Monitoring

It is important that the Office continues to monitor the profile of those who use its services. This is based on age, gender, religious belief, race or ethnic grouping, country of birth, marital status, disability, employment, having dependants, political opinion and sexual orientation. Over two thirds of complainants are male and 28% female. The proportion of complainants aged under 25 has fallen in recent years. The breakdown of the religious belief of complainants is reflective of the most recent census. There continues to be a high proportion of complainants with self-reported disability.

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.

Case Study

HOCKEY MATCH

The Police Ombudsman received a complaint following an assault during a game of hockey which left a woman with a broken nose and a fractured cheekbone.

The assault had been reported to police, who investigated what happened. The Public Prosecution Service subsequently decided not to prosecute anyone.

The complainant alleged that police had failed to investigate the assault properly.

Having examined the matter, we recommended that the police should re-investigate the assault.

The new police investigation, which relied solely on the evidence that was available to the original investigator, resulted in the conviction of the attacker, who was given a suspended prison sentence and ordered to pay compensation to the victim.

As a result of the Police Ombudsman investigation recommendations were made that three police officers should be subject to disciplinary sanction.

Case Study

A family wrote:

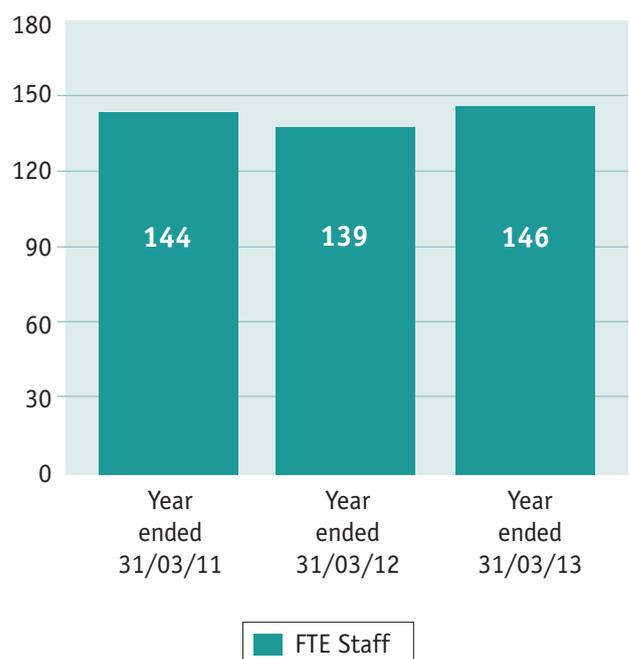
“As a family we would never have been able to cope without their help or go to court to deal with it.”

People

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

Expenditure on staff was £6,205k in the financial year (£6,022k for 2011/12). An average full time equivalent (FTE) of 146 staff were employed across the year (139 in the year to 31 March 2012). The overall growth in average FTE staff is as a result of the recruitment to an enlarged Historic team. However, it is of note, that during the year to the end of March 2013, the Office carried a small number of vacancies in anticipation of future pressures on budgets. Further information in respect of staff costs can be found on pages 52-54 in note 4 of the Notes to the Accounts.

Figure 1 Average FTE Staff in Post by Financial Year



Case Study

POLICE NOT TO BLAME IN FATAL ATTACK

In November 2012, the Ombudsman said police officers on duty inside Woodbourne Police Station in West Belfast did not see a member of the public being beaten to death approximately 10 metres from its perimeter fence.

This was the main finding of an investigation into circumstances surrounding the death of 58 year old Seamus Fox, who was attacked on waste ground outside the station in the early hours of 22 April 2010. He died from his injuries at the scene.

Mr. Fox's family told investigators that they were concerned the attack was seen from inside the police station and officers failed to respond. They also had concerns that had police attended a nearby fire reported to them earlier that evening there was a strong likelihood the subsequent attack would never have happened.

Ombudsman investigators spoke to officers on duty that night in the station; members of the public who had reported finding Mr. Fox; and to those who reported the fire to police. They viewed all the available video footage and examined all the relevant police documentation.

Dr Michael Maguire concluded that no police officer saw or was aware of the attack taking place:

"There were two security cameras relaying pictures of the attack on Mr. Fox as it happened onto two of more than a dozen screens in a security sangar. There was no one on duty in the sangar which overlooked the scene of the attack and no one had the sole task of monitoring those screens. Given the position of the monitors and the poor picture quality, it would not have been clear what was happening outside," he said. Dr Maguire said he was of the view that even if police had attended the fire this may have reduced but would not have eliminated the opportunity for the attack.

Training and Development

The Office's ongoing commitment to continuous professional development ensures that we have highly competent and skilled staff consistently delivering high quality customer service and continued excellence in professional practice. The 2012/2013 financial year has been another successful year for learning and development within the Office.

Key development activities delivered during the financial year specifically included training in respect of Courtroom Skills, Policy/Decision Log, HOLMES, Search, Trauma and Resilience, Clue2, Communications Data, High Risk and Missing Persons and Critical Incidents.

In addition, the Office has developed and delivered an accredited Complaints Officer development programme for frontline staff and a coaching skills development programme for managers. Corporate mandatory learning was also a key feature, the focus of which was Equality Section 75 and TRIM Records Management development. During the course of the financial year there were 815 learning and development interventions delivered.

Sickness Absence

During the financial year ended 31 March 2012 the Office implemented a revised sickness absence policy to manage more effectively the incidence of sickness absence within the Office.

The year to the end of March 2013 represents the first full year of the operation of the revised policy. For the year ended 31 March 2013 the Office set a target not to exceed a sickness absence rate of 4%. The rate of sickness absence for the year ended 31 March 2013 was 2.75% which represents a second successive annual reduction in the level of sickness absence. The level of sickness absence for the year ended 31 March 2012 was 3.96%. The level of sickness absence for the NICS is reported as 4.6% for the year ended 31 March 2012.

Disabled employees and equal opportunities

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

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

The profile of staff at 1 January 2013 shows that 46.7% are male and 53.3% are female and that 48.7% are Protestant, 40.8% are Roman Catholic and 10.5% are non-determined.

The most recent Equality Commission Northern Ireland monitored workforce statistics for gender are 47.3% male, 52.3% female and for community background are 53.7% protestant and 46.3% Roman Catholic. The profile of staff in the Office is close to the NI monitored statistics for both gender and community background which demonstrates that the Office has a representative workforce.

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.

Case Study

DEALING WITH AUTISM

The mother of a child with Autism complained that police had not properly dealt with a report that her child had been abused.

The complainant believed police had not take sufficient care in dealing with her child and as a consequence had not been able to obtain the best possible evidence.

The police have special procedures to interview child victims of crime. Our investigation found that the police officer who interviewed the child had not sufficiently prepared for the interview and had not received any training in how to deal with children with Autism.

At the conclusion of the investigation a recommendation was made that the police officer should be made subject of a disciplinary sanction.

In addition, a recommendation was made to the PSNI to raise awareness among their staff of the resources available to them, so that children with autism are given appropriate support when they come in contact with the police.

Case Study

MISSING PERSON-CATALOGUE OF MISTAKES

The body of 22 year old James Fenton, who had been a patient at the Ulster Hospital in Dundonald, was found in a secluded part of the hospital grounds ten weeks after he had been reported as missing. He was found approximately 40 metres from where he had last been seen. Members of the Fenton family complained to the Ombudsman about the lack of thoroughness of the police investigation to find James and asked why his body had lain undiscovered for ten weeks.

The Office published the findings of its investigation in February 2013. Dr. Maguire characterised the police investigation into James' disappearance as "a catalogue of mistake after mistake."

The Police Ombudsman found many examples of where police procedures were either not fully followed or completely ignored. There was little evidence of any consistent senior level oversight of the investigation and it was largely allowed to drift along until its latter stages. The Police Ombudsman was also critical of how police dealt with James' family.

Health and Safety

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

Social and Community Issues

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

Many complaints arise in the context of a challenging operational policing environment and where perceptions can be polarised.

We take the view that for this Office to continue to provide a service which meets the needs of the community, we must engage with the people we serve.

In talking to some of the people who made complaints to us, and in conversation with other community leaders, we became concerned that some people may not have been fully aware of the role of the Office as an independent mechanism for dealing with police complaints. In response to this our staff met with members of community groups in areas such as the New Lodge, Twaddell Avenue, Mount Vernon, Cuan Place and in Carrickfergus.

Through the year we undertook almost 40 such engagements, many of them in response to issues which had been raised with us. The issue of young people and their knowledge and understating of the police complaints system is a constant concern for us and each year we undertake projects with people in the community to address the problem. Last year we were able to work with "Youth Action" on a training programme for youth leaders. Over a series of evenings some of our investigators worked with the

people on the course to explain how the system works for young people. The Office will continue to further develop a proactive approach to engaging with communities and particularly young people.

Assembly Questions

During the year the Office responded through the DOJ to eleven Assembly Questions. One of these questions related to the functions of the Office, and ten were Department wide questions.

Freedom of Information

Since the introduction of the Freedom of Information Act 2000 in 2005, members of the public, journalists and police officers have used this provision to obtain information. Over the year to 31 March 2013 there have been 130 specific requests for information. There were six Data Protection requests in the same period.

Complaints against the Office

During the course of the year the Office undertook a fundamental review of the customer complaints policy. A new policy was agreed in March 2013 and has been published on the Office website.

Working with other Police Oversight Bodies

Throughout the year there continued to be ongoing communications and dialogue with An Garda Síochána Ombudsman Commission, the Independent Police Complaints Commission in England and Wales and the Scottish Police Complaints Commission which has been replaced by the Police Investigations and Review Commissioner for Scotland which came into effect on 1 April 2013. During the course of the year staff from the Office provided advice to those responsible for the establishment of this new Scottish police accountability body. We seek to work together in building strong accountable oversight mechanisms meeting the needs of our respective jurisdictions.

Case Study

OFFICER'S ACTIONS JUSTIFIED

The Police Ombudsman found that the actions of a police officer who shot dead a member of the public in a filling station in East Belfast were justified and proportionate, given the threat he believed he faced.

An off-duty police officer confronted Marc Ringland, in a petrol station on the Albertbridge Road on the evening of 3 February 2011. The officer discharged one round from his personal protection weapon, fatally injuring Mr Ringland.

Police Ombudsman staff, who arrived at the filling station shortly after the shooting, initiated an investigation which included a detailed forensic examination of the scene and the key exhibits, including video footage of the garage forecourt and the shop. They spoke to those who were in the garage at the time of the shooting and those who arrived shortly afterwards and tested their accounts against the information they had already gathered.

What emerged from the CCTV, witness and forensic evidence was a clear and consistent sequence of events.

In announcing his findings in November 2012, the Police Ombudsman described the incident as tragic: "I recognise that this is a personal tragedy for the Ringland family. To lose a loved one so young and so suddenly must be a particularly heavy burden to bear. My role, however, has been to independently examine the circumstances of Marc's death. There is evidence that as Marc approached the officer, his knife presented a clear threat. The officer had a split second to decide what action to take. Given the threat he believed he was facing, as well as the potential danger to others, the officer's decision to fire his gun was understandable and justified" he said.

In particular, the four bodies seek to identify opportunities to share learning and the Office has participated in a number of joint training events and continues to work to establish appropriate benchmarking information.

Funding and Financial Accountability

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

Expenditure and Accounts

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

Financial Position as at 31 March 2013

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 40 and 41 respectively. The Office incurred a net expenditure for the year of £8,864,673. The net expenditure for the year ended 31 March 2012 was £8,634,893.

The Office draws cash resource from the sponsoring Department on the basis of need to pay and not as costs are accrued. Consequently, at the end of the financial year the Office had net current liabilities of

£240,080 (£448,157 for the year ended 31 March 2012). The Office continues to be funded through its sponsor Department and the financial statements have been prepared on a going concern basis.

Remuneration and Pensions

Full details of the executive management remuneration and pension interests for the year ended 31 March 2013 are contained in the Remuneration Report on pages 25 to 30. Pensions are provided to staff through the Principal Civil Service Pension Scheme (Northern Ireland). Further details in respect of pensions can be found in the Remuneration Report and on page 54 in Note 4.4 to the Accounts.

Register of Interests

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

Risk Management and Register

Within the executive processes of the Office, there is an embedded corporate Risk Register in line with HM Treasury guidance. The risk register is reviewed by Senior Management on a regular basis and is considered by the Audit Committee at each meeting. Directors consider signs or warning of risks, examine existing controls to reduce or manage risks and if necessary take additional action.

Following my appointment as Chief Executive I have commissioned a review of the Office's risk management arrangements. As a consequence the consideration of risk is now routine at senior level with the risk register becoming a far more dynamic document than was previously the case. The risk management process will be further developed during 2013/14.

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 2013 was 98.7% (97.7% for the year ended 31 March 2012).

The overall performance to pay within 30 days for the year ended 31 March 2013 was 100% (100% for the year ended 31 March 2012).

Data Handling

I am required to report personal data related incidents which occurred during the year ended 31 March 2013. Personal data includes any information that links one or more identifiable living person with information about them, the release of which would put them at significant risk of harm or distress, or any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain. There were no such personal data related incidents during the year ended 31 March 2013 or indeed in previous years. Information risk is managed within the Office within the context of the risk management framework to which I refer in my Governance Statement.

Environmental Matters

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

Case Study

CASH SEIZURE

The PSNI have made changes to their procedures for the handling of money recovered in searches, following a recommendation by the Police Ombudsman's Office.

The Office made the recommendations after it had investigated a complaint that police removed a substantial amount of cash following the search of a premises, but had subsequently failed to return it to its owner. It recommended that the police consider issuing written procedures to their officers on the counting of seized money.

In response, the PSNI advised that a "cash seizure" flow chart had been devised and circulated to officers along with other advice on financial investigation and cash seizures.

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 £420,000 at 31 March 2013 (£550,000 at 31 March 2012). The open market value of the leasehold interest in New Cathedral Buildings has been valued at £nil at 31 March 2013 (£nil at 31 March 2012). Details of the movement of property plant and equipment are set out in Note 6 to the Accounts.

Events after the Reporting Period

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

Future Developments

As noted above, the 2013/14 Annual Business Plan has been agreed and is available on the Office website at www.policeombudsman.org.

Over the past few years the Office has been faced with the challenge of finding savings within its budgets year on year. The further impending pressures on budgets in the years ahead will continue to be a significant challenge for the Office as it seeks to ensure it delivers its statutory duties. Directors are already planning for the implications of further decreasing resources within the core business of the Office set against the backdrop of an enlarged Historic Investigations Directorate.

Auditors

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

As Accounting Officer I am required to ensure that all relevant audit information is provided to the auditors. I have taken all reasonable steps to make myself aware of any relevant audit information and have ensured that all such information is available to the auditors. I also confirm that there is no relevant audit information about which I am aware that the auditors have not been informed about.

The audit fee for the work performed by the staff of the C&AG during the reporting period was £12,100 which relates solely to the audit of these financial statements. The audit fee for the year ended 31 March 2012 was £12,000.

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.



Adrian McAllister
Chief Executive

10 June 2013

Remuneration Report

Remuneration Policy

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

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

Appointments

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. There were no exit packages provided for any employees of the Office during the financial year.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

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

Mr E Gaw and Mrs V Patterson were appointed on 1 April 2010 as Independent Non Executive Members of the Audit Committee within the Office. Their appointments were for an initial three year term to 31 March 2013 with an option for a further 2 years to 31 March 2015. In March 2013 this option to extend the appointment for 2 years was exercised for both Independent Non Executive Members. The Non Executive Audit Committee members are remunerated at a daily rate of £450 on the basis of time incurred on official business.

Audited Information

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

Salary and pension entitlements

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

Remuneration	AUDITED INFORMATION			
	2012-13		2011-12	
	Salary (£'000)	Benefits in kind (to nearest £100)	Salary (£'000)	Benefits in kind (to nearest £100)
Dr Michael Maguire ¹ <i>Police Ombudsman (Appointed 16 July 2012)</i>	90 – 95	-	-	-
Mr Al Hutchinson ² <i>Police Ombudsman (Resigned 29 February 2012)</i>	-	-	125 – 130	10,200
Mr Adrian McAllister ³ <i>Chief Executive (Appointed 14 January 2013)</i>	20 – 25	-	-	-
Mr Colin Lewis ⁴ <i>Interim Chief Executive (Left 27 July 2012)</i>	25 – 30	-	15 – 20	-
Mr Sam Pollock ⁵ <i>Chief Executive (Resigned 31 August 2011)</i>	-	-	45 – 50	-
Mr Jim Coupland ⁶ <i>Senior Director of Investigation (Resigned 31 October 2011)</i>	-	-	20 – 25	-
Mrs Olwen Laird <i>Director of Corporate Services</i>	55 – 60	-	60 – 65	-
Mr Greg Mullan <i>Director of Research and Performance</i>	55 – 60	-	55 – 60	-
Mr Tim Gracey <i>Director of Information</i>	50 – 55	-	50 – 55	-
Mr Jim Kitson ⁷ <i>Director of Legal Services (Resigned 30 September 2012)</i>	25 – 30	-	50 – 55	-
Mr Paul Holmes <i>Director of Investigation</i>	60 – 65	-	60 – 65	-
Mr Peter O'Sullivan <i>Acting Senior Director of Investigation (Reverted to Director of Investigation 31 March 2013)</i>	85 – 90	-	75 – 80	-
Mr Seamus McIlroy ⁸ <i>Director of Legal Services (Appointed 7 January 2013)</i>	10 – 15	-	-	-
Mr Jeff Smyth ⁹ <i>Acting Director of Investigation (Reverted to substantive grade 31 March 2013)</i>	60 – 65	-	60 – 65	-
<i>Non Executive Audit Committee Members</i>				
Mr Edward Gaw	5 – 10	-	5 – 10	-
Mr Vilma Patterson	5 – 10	-	10 – 15	-
Police Ombudsman's Total Full Time Equivalent Remuneration (note 4.3 to the accounts)		£128,296		£150,447
Median Total Remuneration		£31,484		£31,569
Ratio		4.07		4.77

1 The figure quoted is for the period 16 July 2012 to 31 March 2013. The full year equivalent is £125k - £130k.

2 The figure quoted is for the period 1 April 2011 to 29 February 2012. The full year equivalent is £140k - £145k.

3 The figure quoted is for the period 14 January 2013 to 31 March 2013. The full year equivalent is £105 to £110k.

4 The 12/13 figure quoted is for the period 1 April 2012 to 27 July 2012. The full year equivalent is £85k - £90k. The 11/12 figure quoted is for the period 30 January 2012 to 31 March 2012. The full year equivalent is £85 to £90k.

5 The figure quoted for the period 1 April 2011 to 31 August 2011. The full year equivalent is £90k - £95k.

6 The figure quoted for the period 1 April 2011 to 13 October 2011. The full year equivalent is £85k - £90k.

7 The figure quoted is for the period 1 April 2012 to 30 September 2012. The full year equivalent was £50k to £55k.

8 The figure quoted is for the period 7 January 2013 to 31 March 2013. The full year equivalent is £45k - £50k.

9 The 2011/12 figure quoted is for the period 27 April 2011 to 31 March 2012. The full year equivalent is £60 to 65k.

PENSION BENEFITS

	AUDITED INFORMATION					
	Accrued pension at pension age as at 31/3/13 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/13 £'000	CETV at 31/3/12 [*] £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (Nearest £100)
Dr M Maguire <i>Police Ombudsman</i>	10 – 15	10 – 12.5	184	37	140	N/A
Mr Adrian McAllister <i>Chief Executive</i>	0 – 5	0 – 2.5	6	0	5	N/A
Mrs Olwen Laird <i>Director of Corporate Services</i>	15 – 20	0 – 2.5	189	159	19	N/A
Mr Greg Mullan <i>Director of Research and Performance</i>	20 – 25 plus lump sum of 65 – 70	(0 – 2.5) plus lump sum of (0 – 2.5)	486	474	(16)	N/A
Mr Tim Gracey <i>Director of Information</i>	0 – 5 plus lump sum of 5 – 10	0 – 2.5 plus lump sum 0 – 2.5	42	27	11	N/A
Mr Jim Kitson <i>Director of Legal Services</i>	5 – 10	0 – 2.5	83	75	4	N/A
Mr Paul Holmes <i>Director of Investigation</i>	10 – 15 plus lump sum of 30 – 35	0 – 2.5 plus lump sum of 0 – 2.5	176	157	8	N/A
Mr Peter O'Sullivan <i>Director of Legal Services</i>	N/A	N/A	N/A	N/A	N/A	N/A
Mr Seamus McIlroy <i>Acting Senior Director of Investigation</i>	0 – 5	0 – 2.5	18	16	1	N/A
Mr Jeff Smyth <i>Acting Director of Investigation</i>	0 – 5	0 – 2.5	55	34	16	N/A
Non Executive Audit Committee Members						
Mr Edward Gaw	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Vilma Patterson	N/A	N/A	N/A	N/A	N/A	N/A

* The CETV calculator has been updated and reflects changes to factors which mean that the opening CETV figure shown in this report will not be the same as the corresponding closing CETV figure shown in the Remuneration Report for the year ended 31 March 2012.

Salary

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

Benefits in kind

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

Bonuses

The Office of the Police Ombudsman for Northern Ireland does not make bonus payments in respect of staff performance. No bonuses were payable to staff or to senior managers in respect of the year ended 31 March 2013 (nil for the year ended 31 March 2012).

Off Payroll Payments

The Office had no off-payroll engagements during the year to 31 March 2013. None in the financial year ended March 2012.

Northern Ireland Civil Service Pensions

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium or classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011, pensions payable under classic, premium, classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a

significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Related Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2013, public service pensions will be increased by 2.2% with effect from 8 April 2013. Employee contributions are determined by the level of pensionable earnings. The current rates are as follows:

Members of Classic

Annual pensionable earnings (FTE basis)	New 2013 contribution rate before tax relief
Up to £15,000	1.50%
£15,001 - £21,000	2.70%
£21,001 - £30,000	3.88%
£30,001 - £50,000	4.67%
£50,001 - £60,000	5.46%
Over £60,000	6.25%

Members of premium, nuvos and classic plus

Annual pensionable earnings (FTE basis)	New 2013 contribution rate before tax relief
Up to £15,000	3.50%
£15,001 - £21,000	4.70%
£21,001 - £30,000	5.88%
£30,001 - £50,000	6.67%
£50,001 - £60,000	7.46%
Over £60,000	8.25%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional years of pension service in the scheme at their own cost. CETV's are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Pay Multiples

Public bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisations workforce. The Police Ombudsman for Northern Ireland is the highest paid official within the Office.

The total remuneration of the Police Ombudsman for the year ended 31 March 2013 as disclosed in

note 4.3 to the accounts was £91,049 which as a full time equivalent would have been £128,296. This was 4.07 times the median remuneration of the workforce which was £31,484. The total remuneration of the former Police Ombudsman for the year ended 31 March 2012 was £138,756 which was 4.77 times the median remuneration of the workforce which was £31,569 for the year ended 31 March 2012.

No employee of the Office of the Police Ombudsman received remuneration in excess of the Police Ombudsman during either the year ended 31 March 2013 or the prior year ended 31 March 2012.

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer contributions or the cash equivalent transfer value of pensions.

The pay multiple has reduced from 4.77 for the year ended 31 March 2012 to 4.07 for the year ended 31 March 2013. This is mainly as a result of the decrease in the Police Ombudsman's FTE remuneration. The former Police Ombudsman's remuneration included a housing allowance and benefits in kind arising from return flights to Canada for him and his spouse along with the related tax and national insurance on this benefit. The current Police Ombudsman does not receive either housing allowance or benefits in kind.



Adrian McAllister
Chief Executive

10 June 2013

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

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

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

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

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

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

Governance Statement

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 the Serious and Organised Crime Agency when its staff operates in this jurisdiction and criminal allegations against staff of the UK Borders Agency whilst exercising the powers of constable 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 and controlled. 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 framework provides the arrangements to ensure that the Office delivers on its statutory obligations and that it does so in accordance with the requirements placed on all publicly funded bodies regarding the stewardship of resources.

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

3. GOVERNANCE FRAMEWORK

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

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

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

The Police Ombudsman

The Police Ombudsman has responsibility for establishing the overall strategic direction of the Office within the policy and resources framework determined by the Minister for Justice and the Department of Justice. He is also responsible for promoting the efficient, economic and effective use of staff and other resources by the Office.

The Chief Executive, as Accounting Officer

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

The Senior Management Team (SMT)

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

The Audit Committee

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

Internal Audit

The Internal Audit work programme is set within a strategic internal audit plan. The plan gives assurance to the Accounting Officer on the effectiveness and efficiency of the operation of key systems and controls in the Office in order to deliver the statutory duties of the Office.

On an annual basis the Audit Committee approves an annual audit plan and considers the adequacy of the management responses to findings and recommendations contained in audit reports. The Head of Internal Audit also produces an Annual Assurance report which provides assurances to me as Accounting Officer as to the effectiveness of the Office's overall systems of control. ASM provided the Internal Audit Service for the Office for the year ended 31 March 2013.

External Audit

The External Auditor of the Office is the Comptroller and Auditor General of the Northern Ireland Audit Office. 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.

Revised Governance Arrangements

During the course of the financial year to the end of March 2013, the Office has established a revised set of arrangements for Corporate Governance. These were approved and endorsed by the Police Ombudsman and the Senior Management Team on 24 October 2012 and thereafter endorsed by the Office's Audit Committee on 26 October 2012.

The revised Corporate Governance Arrangements document (which is available on the Office's website) provides information on the structures, roles and responsibilities which have been established to ensure proper and effective management of the Office's affairs.

The document includes the key principles of corporate governance which include openness, integrity and accountability. As part of the establishment of the Corporate Governance Arrangements framework in October 2012, and in the absence of a Board, the role of the non executive members of the Audit Committee was revised. The role now specifically includes the requirement to provide 'constructive challenge', a fresh, objective perspective and new ideas and a safe sounding board for new approaches. In addition non executive audit committee members are responsible for ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency.

The Office operates under a Management Statement and Financial Memorandum (MSFM) with the Department of Justice. The MSFM sets out the broad framework within which the Office operates,

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

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

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

4. RISK MANAGEMENT AND INTERNAL CONTROL

The Office has established procedures for risk management which includes a Risk Management Policy and Strategy (revised and updated in October 2012).

An organisational risk register is in place which identifies key risks prioritised by likelihood and impact and categorises them as high, medium or low. Directors review and consider the risks on a quarterly basis, or more frequently if required. Mitigating actions are identified and monitored for implementation and effectiveness. Actions are assigned to an individual with responsibility for ensuring that appropriate measures are undertaken within an agreed timescale.

Any new risks identified are considered and assessed in terms of likelihood and impact. The

risk register and actions are also regularly reviewed by the Audit Committee of the Office. Since my appointment as Accounting Officer on 14 January 2013, I have initiated a review of the processes within which risk is managed in the Office to re-define and streamline the risks that have been identified on the risk register and to include the formal consideration of risk on a monthly basis at Senior Management Team meetings. I consider that the effective and proactive management of risk is a key role for the SMT and it will remain a central component of the SMT agenda.

During February/March 2013 the Internal Auditor carried out an audit in the area of Corporate Governance and Risk Management. The audit provided 'satisfactory' assurance.

The audit suggested that the Office define 'risk appetite' within the Risk Management Policy and reconsider and revise the key risks on the register to make these more specific in terms of the articulation of the risk and the identification of relevant controls. I welcome the recommendations that have been made in this area and am satisfied that these are consistent with the work I had initiated.

There are increasing challenges year on year, particularly in the area of information assurance. The nature of the information held by the Office means that the security and handling of information must be at the heart of what we do and our day to day work. In response to this challenge, data handling and information has been considered and managed as a separate risk within the organisational risk register for some time. Although I am satisfied that the existing controls within the Office provide adequate assurance in this area, I have in March 2013 established a new Information Assurance and Security Group to provide greater assurance to me as Accounting Officer in relation to this area.

5. REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

Risk management and corporate governance

In February 2011 the Internal Auditor issued a report in relation to Risk Management and Corporate Governance which provided limited assurance. In July 2011 the C&AG of the NIAO raised the same concerns as a priority 1 issue in his Report to those charged with Governance.

Two further reports were received by the Office, one by Mr Tony McCusker in June 2011 in relation to the relationship between the Office and Department of Justice officials and the other by the Criminal Justice Inspection for Northern Ireland (CJINI) in relation to the lowering of professional independence between the Office and the PSNI. The latter recommended that the investigation of historic matters be suspended. These matters were reported on in the Statement on Internal Control in the years ended 31 March 2011 and 31 March 2012.

The Office has been working to address the recommendations contained in these reports and I am satisfied that significant progress has been made by the Office in relation to all of the recommendations.

The progress is evidenced by the finalisation of a revised Management Statement and Financial Memorandum with related Memorandum of Understanding between the Office and the Department of Justice; the introduction of new Corporate Governance Arrangements providing clarity and accountability; and the revision of the Terms of Reference of the Audit Committee which expanded the role of the non executive members of the committee.

Further the appointment of a new Police Ombudsman, who took up post in July 2012, and a new Chief Executive, who took up post in January

2013, have enabled the new Corporate Governance arrangement to become settled.

In January 2013 the CJINI reported on their follow up inspection. The report provided the assurances necessary to enable the Police Ombudsman to resume investigations of an historic nature.

As cited above, during February/March 2013, the Internal Auditor carried out an inspection in relation to the Risk Management and Corporate Governance and reported a satisfactory assurance in April 2013 as to the operation of Risk Management Corporate Governance within the Office.

These reports and various measures taken together provide the basis for my assurance as Accounting Officer that the work to address previous recommendations and issues has been effective. As Accounting Officer, I am committed to ensuring that the revised arrangements continue to work effectively and become fully embedded within the Office.

Senior Management Team (SMT)

I chair a monthly formal SMT meeting. The meeting is designed to effectively manage 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.

I obtain further assurance through the internal stewardship process whereby individual Directors are required to complete mid year and end of year stewardship statements to confirm the effective operation of controls within Directorates. These assurances provide a sound basis for the effectiveness of the operation of controls within the Office and for the preparation of the stewardship statement which I am required to provide to the Departmental Accounting Officer.

Audit Committee

As noted above, during the course of the year, the Audit Committee undertook a review of its terms of reference to include an expanded role for the non executive members of the committee.

In addition, during the course of the financial year, the members of the Audit Committee carried out a review of the effectiveness of the Audit Committee in discharging its functions effectively. This review confirmed that the Audit Committee was operating effectively.

I have also received a report from the Audit Committee for the year ended 31 March 2013. The Committee met on a quarterly basis throughout the year and in addition held two further meetings to support the finalisation of the Statement on Internal Control by the Interim Chief Executive.

Each meeting was chaired by a non executive member and there was regular attendance at these meetings. The Audit Committee is content that sufficient progress has been made to enable the Office to move forward from the previous limited assurance in the area of Risk Management and Corporate Governance and to provide a satisfactory assurance for 2012/13.

Department of Justice sponsor arrangements

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

6. SIGNIFICANT INTERNAL CONTROL ISSUES

There were no significant internal control issues identified during the year. As detailed in section 5 above, the significant internal control issues which had been included in the Statement on Internal Control in both the year ended 31 March 2011 and 31 March 2012 have now been addressed and I no longer consider them to be significant issues for the Office.

7. ACCOUNTING OFFICER STATEMENT ON ASSURANCE

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

- the Annual Internal Audit Assurance Report which encompasses satisfactory assurance in relation to
 - risk management and corporate governance
 - complaints and investigation
 - records management.
- the Audit Committee Annual Report.
- the follow up inspection report of the CJINI.
- the system of risk management within the Office and the stewardship statements provided to me by Directors within the Office in relation to the effective operation of controls within the Office at Directorate level.

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



Adrian McAllister
Accounting Officer
10 June 2013

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

I certify that I have audited the financial statements of the Office of the Police Ombudsman for Northern Ireland for the year ended 31 March 2013 under Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flow and Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

Scope of the audit of the financial statements

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

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

Opinion on Regularity

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

Opinion on the Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Office of the Police Ombudsman for Northern Ireland's affairs as at 31 March 2013, and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

- adequate accounting records have not been kept; or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly

Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU
17 June 2013

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Note	2012-13 £	2011-12 £
Expenditure			
Staff costs	4	6,205,369	6,021,537
Depreciation/amortisation	5	474,046	483,076
Other expenditure	5	2,185,258	2,130,280
Net expenditure		8,864,673	8,634,893
Other Comprehensive Expenditure			
Net gain on revaluation of Property Plant and Equipment	6	(2,581)	(1,848)
Net gain on revaluation of Intangible Assets	7	(111,228)	(2,874)
Total Comprehensive Expenditure		8,750,864	8,630,171

The notes on pages 44 to 62 form part of these accounts

Statement of Financial Position as at 31 March 2013

	Note	As at 31 March 2013 £	As at 31 March 2012 £
Non-current assets:			
Property, plant and equipment	6	663,472	801,461
Intangible assets	7	858,696	777,633
Trade and other receivables	8	0	4,432
Total non-current assets		1,522,168	1,583,526
Current assets:			
Trade and other receivables	8	188,607	213,268
Cash and cash equivalents	9	112,113	-
Total current assets		300,720	213,268
Total assets		1,822,888	1,796,794
Current liabilities:			
Cash and cash equivalents	9	0	(93,115)
Trade and other payables	10	(540,800)	(568,310)
Total current liabilities		(540,800)	(661,425)
Total assets less current liabilities		1,282,088	1,135,369
Non-current liabilities:			
Provisions	11	(113,583)	(183,000)
Total non-current liabilities		(113,583)	(183,000)
Assets less liabilities		1,168,505	952,369
Taxpayers' Equity:			
General reserve		836,334	734,007
Revaluation reserve		332,171	218,362
		1,168,505	952,369

The notes on pages 44 to 62 form part of these accounts

The financial statements on pages 40 to 62 were approved and authorised for issue by:



Adrian McAllister
Chief Executive
10 June 2013

Statement of Cash Flows for the year ended 31 March 2013

	Note	2012-13 £	2011-12 £
Cash flows from operating activities			
Net Expenditure for the year		(8,864,673)	(8,634,893)
Adjustment for non-cash transactions	5	385,117	601,726
Decrease/(Increase) in trade and other receivables	8	29,093	(18,892)
Decrease in trade payables	10	(27,510)	(105,357)
Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	6	0	42,791
Use of provisions	11	(59,516)	(65,862)
Net cash outflow from operating activities		(8,537,489)	(8,180,487)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(79,425)	(17,010)
Purchase of intangible assets	7	(144,858)	(24,805)
Net cash outflow from investing activities		(224,283)	(41,815)
Cash flows from financing activities			
Grant-in-Aid to fund resource expenditure		8,724,000	7,936,990
Grant-in-Aid to fund capital expenditure		243,000	17,010
Net financing		8,967,000	7,954,000
Net increase/(decrease) in cash and cash equivalents in the period	9	205,228	(268,302)
Cash and cash equivalents at the beginning of the period	9	(93,115)	175,187
Cash and cash equivalents at the end of the period	9	112,113	(93,115)

The notes on pages 44 to 62 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

	Note	General Reserve £	Revaluation Reserve £	Total Reserves £
Balance at 1 April 2011		1,414,900	213,640	1,628,540
Changes in taxpayers' equity for 2011/12				
Revaluation gain on items of property, plant and equipment	6	0	1,848	1,848
Revaluation gain of intangible assets (CHS)	7	0	2,874	2,874
Comprehensive expenditure for the year		(8,634,893)	0	(8,634,893)
Total recognised expenses for 2011/12		(8,634,893)	4,722	(8,630,171)
Grant-in-Aid to fund resource expenditure		7,936,990	0	7,936,990
Grant-in-Aid to fund capital expenditure		17,010	0	17,010
Total recognised funding for 2011/12		7,954,000	0	7,954,000
Balance at 31 March 2012		734,007	218,362	952,369
Changes in taxpayers' equity for 2012/13				
Revaluation gain on items of property, plant and equipment	6	0	2,581	2,581
Revaluation gain of intangible assets (CHS)	7	0	111,228	111,228
Comprehensive expenditure for the year		(8,864,673)	0	(8,864,673)
Total recognised expense for 2012/13		(8,864,673)	113,809	(8,750,864)
Grant-in-Aid to fund resource expenditure		8,724,000	0	8,724,000
Grant-in-Aid to fund capital expenditure		243,000	0	243,000
Total recognised funding for 2012/13		8,967,000	0	8,967,000
Balance at 31 March 2013		836,334	332,171	1,168,505

The notes on pages 44 to 62 form part of these accounts

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

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

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the Accounts Direction issued by the Department of Justice and in line with the 2012/13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Office of the Police Ombudsman for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Office (for the reportable activity) are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

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

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

1.2 Grant-in-Aid and capital grants

The Office of the Police Ombudsman for Northern Ireland was funded during the year to 31 March 2013 by Grant-in-Aid from the Department of Justice, request for resources A. Grant-in-Aid received, which is used to finance activities and expenditure that support the statutory and other objectives of the Office, is treated as financing credited to the General Reserve, because it is regarded as contributions from a controlling party. Grant-in-Aid received towards the purchase of items of property, plant and equipment or intangible assets is also credited directly to the General Reserve.

1.3 Value Added Tax

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

1.4 Property, plant and equipment

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

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

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

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

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

Property, plant and equipment is reviewed annually for impairment.

1.5 Depreciation

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

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

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

1.6 Intangible assets

Expenditure on intangible IT 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 assets funded by Grant-in-Aid is credited to the Revaluation Reserve unless it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Net Expenditure, to that extent.
- Losses on revaluation arising from assets funded by Grant-in-Aid 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 seven years). Intangible assets are reviewed annually for impairment.

1.7 Pension costs

Past and present employees are covered by the provisions of the Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] which are described in the Remuneration Report on pages 25 to 30 and in note 4.4. The defined benefit elements of the schemes are unfunded. The organisation recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (Northern Ireland) [PCSPS(NI)] of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI). In respect of the defined contribution elements of the schemes, the organisation recognises the contributions payable for the year.

The former Police Ombudsman was a member of a pension scheme which was by-analogous to the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] Nuvos arrangements. The details of which are provided at note 4.3

1.8 Leases

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

1.9 Insurance

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

1.10 Provisions

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

1.11 Financial instruments

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

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

1.11.1 Financial assets

Trade and other receivables

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

Cash and cash equivalents

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

Impairment of financial assets

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

1.11.2 Financial liabilities

Trade and other payables

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

1.12 Employee benefits

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

1.13 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Office's accounting policies. The Office of the Police Ombudsman for Northern Ireland continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing material adjustment to the carrying amount of assets and liabilities are discussed below.

- (1) Depreciation of plant, property and equipment
Depreciation is provided so as to write-down the respective assets to their residual values over their expected lives, and as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are in note 1.5
- (2) Amortisation of Tangible assets
Amortisation is provided so as to write-down the respective assets to their residual value 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 in note 1.6
- (3) Provisions
Provisions for legal claims are made on the basis of all known claims, estimated based on legal advice. The amount which is provided is based on an expected probability basis, where the total probable cost is provided in full if the expected risk of failure is likely to exceed 50% and on full anticipated costs of defending legal actions, where no recovery of such costs is likely. Details of the legal provisions are shown in note 11.

1.14 Accounting standards, interpretations and amendments to published standards adopted and FReM – issued and effective in the year ended 31 March 2013 for the first time

Standard	Comments
Requirement to produce a Governance Statement	All Northern Ireland NDPBs are required to produce a Governance Statement rather than a Statement on Internal Control for the 2012-13 accounts onwards.
IFRS 7 - Financial Instruments: Disclosures (annual improvements)	Where entities have transferred financial assets outside of the legal body, disclosures are required to reflect the impact of this, particularly where the entity retains some form of interest in those assets. The FReM applies IFRS 7 in full, and the expectation is that it will continue to do so. This will incorporate these increased disclosures.

The Office of the Police Ombudsman for Northern Ireland has reviewed the remaining standards, interpretations and amendments to published standards and FReM that became effective during 2012-13. The adoption of these standards are either not relevant to the Office's operations or have not had a significant impact on the financial position or results of the Office.

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

The International Accounting Standards Board (IASB) has issued new and amended standards (IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards have an effective date of January 2013, and EU adoption is due from 1 January 2014. The application of these IFRS changes is subject to further review by Treasury and the other relevant authorities before due process consultation.

Accounting boundaries for IFRS purposes are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by Treasury. A review of the Northern Ireland financial process is currently under discussion with the Executive, which will bring NICS departments under the same adaptation. Should this go ahead, the impact on departments is expected to focus around the disclosure requirements under IFRS 12. The impact on the consolidation boundary of NDPBs and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing.

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Office's accounting periods beginning on or after 1 April 2013 or later periods, but which the Office has not adopted early. Other than as outlined in the table below, the Office considers that these standards are not relevant to its operations.

Standard	Description of revision	Application date	Comments
IAS 1 - Presentation of financial statements (Other Comprehensive Income)	Requiring items of OCI to be grouped on the basis of whether they might at some point be reclassified ('recycled' from OCI to profit (eg cash flow hedges) or where they will not (eg gains on property revaluation). This will make it clearer to users what their potential effect on profit or loss will be in future periods, notably in light of improved disclosure of financial instruments and pensions, and where there will be no impact	1 July 2012	The FReM application of the IAS1 amendments (interpreted for terminology) and adapted for the public sector context is effective from 1 April 2013.

1.16 Financial Reporting - Future Developments

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

Standard	Description of revision	Application date	Comments
IAS 17 - replacement of leases	The proposals will be re-exposed, but are expected to include the abolition of the current operating-finance lease categorisation. Instead, assets and liabilities will be recognised on a 'right of use' basis.	Ongoing review	HM Treasury and the relevant authorities will review the implications and follow due process.
IAS 18 - replacement - Revenue Recognition and Liabilities Recognition	Re-issued in November 2011, the Exposure Draft sought to develop a single conceptual model and general principles for determining when revenue should be recognised in the financial statements - replacing IAS 18 and IAS 11 <i>construction contracts</i> .	Effective no earlier than 1 January 2015 (as per Exposure Draft)	Although the Exposure Draft seems relatively straightforward and potentially applicable in full (as IAS 11 and 18 currently are), there will need to be due process undertaken to consider the impacts of and final IFRS issued.

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

2 Financial Targets

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

3 Analysis of Net Expenditure by Segment

	Core Investigations £	Historic Investigations £	Total £
Comprehensive expenditure 2012-13	7,220,013	1,644,660	8,864,673
Comprehensive expenditure 2011-12	7,604,793	1,030,100	8,634,893

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

4 Staff numbers and related costs

4.1 Staff costs incurred during the period were as follows:

	2012-13 £	2011-12 £
Amounts payable in respect of directly employed staff		
Wages and salaries	3,935,905	4,136,742
Social security costs	323,797	343,722
Employer's pension contributions	780,074	831,066
Total direct employee staff costs	5,039,776	5,311,530
Amounts payable in respect of staff on secondment, agency/temporary staff, and contract staff	1,165,593	710,007
Total staff costs	6,205,369	6,021,537

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

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

	2012-13 No.	2011-12 No.
Directly employed Police Ombudsman staff		
Management and executive	6	7
Administrative and support staff	32	34
Complaints and investigation staff	90	88
Seconded, agency/temporary and contract staff		
Management and executive	1	1
Administrative and support staff	7	4
Complaints and investigation staff	10	5
Total average number of full time equivalent persons	146	139

4.3 Police Ombudsman's Remuneration

The Police Ombudsman, Dr Michael Maguire, began employment with the Office of the Police Ombudsman for Northern Ireland on 16 July 2012. His total remuneration from 16 July 2012 to 31 March 2013, including benefits in kind, but excluding pension contributions, was £91,049. The full time equivalent amount would have been £128,296. The full time equivalent Police Ombudsman's total remuneration for the year ended 31 March 2012 was £150,447.

The monetary value of the Police Ombudsman's benefit in kind during the year was £Nil. The comparative total for the year ended 31 March 2012 was £10,151.

The Police Ombudsman is a member of the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS (NI)]. For the year ended 31 March 2013, £22,762 was payable in respect of the Police Ombudsman's pension contributions by the Office. The former Police Ombudsman was a member of a pension scheme which was by-analogous to the PCSPS(NI) Nuvos arrangements. An amount of £29,401 was paid for the year ended 31 March 2012 by the Office to the Department of Justice who had responsibility for the Broadly by Analogy (BBA) pension scheme. A BBA pension arrangement entitles the recipient to benefits similar to comparable schemes in PCSPS (NI). The Office and the Police Ombudsman are obliged to make contributions in line with this scheme. Further details on the PCSPS (NI) Nuvos scheme can be found in the remuneration report on page 25 to 30.

4.4 Pensions

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS (NI)] is an unfunded multi-employer defined benefit scheme. The Office of the Police Ombudsman for Northern Ireland is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010 and details of this valuation are available in the PCSPS (NI) resource accounts.

For the year ended 31 March 2013, employers' contributions of £817,977 were payable to the PCSPS (NI) (£801,665 for the year ended 31 March 2012) at one of four rates in the range 18% to 25% of pensionable pay (18% to 25% for the year ended 31 March 2012), based on salary bands. Payments made to PCSPS(NI) included £780,074 for directly employed permanent staff (£801,665 for the year ended 31 March 2012) and £37,903 for staff who are employed on fixed term contracts (£nil for year ended 31 March 2012). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. However, HM Treasury has instructed the scheme to cease further work on the March 2010 valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2013/14 the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2012/13 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account which is a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. Additionally 0.8% of pensionable pay is payable to PCSPS (NI) to cover the cost of the future provision of lump sum benefits of death in service and ill health retirements of these employees. There were no employer's contributions paid to the appointed stakeholder pension providers during the year (£nil for the year ended 31 March 2012).

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

5 Other Expenditure

	Note	2012-13		2011-12	
		£	£	£	£
Travel and subsistence		88,461		94,296	
Training, recruitment and other personnel costs		524,574		318,443	
Rates, maintenance, electricity and other accommodation costs		515,129		480,331	
Consultancy and legal costs		30,495		41,707	
Information and media		112,216		110,282	
Printing, stationery, postage and office equipment		123,517		92,148	
Direct case investigation costs		53,726		66,437	
Computer support including maintenance and telecommunications		378,280		346,671	
Other costs		71,924		77,822	
Operating leases - photocopying machines		9,051		11,172	
Operating leases - other (rent & car leases)		354,714		360,321	
External audit fee		12,100		12,000	
			2,274,187		2,011,630
Non cash items:					
Provisions - provided in year	11	95,000		204,178	
Provisions - released in year not required	11	(104,901)		(7,566)	
Depreciation and amortisation of assets:					
Property, plant and equipment	6	292,644		273,525	
Intangible assets	7	181,402		209,551	
Revaluation of assets – gains					
Property, plant and equipment	6	(72,649)		(77,287)	
Intangible assets	7	(6,379)		(675)	
			385,117		601,726
Total expenditure			2,659,304		2,613,356

6 Property, plant and equipment

2012/13	Buildings, leasehold improvements New Cathedral Buildings £	Furniture & fittings £	Information technology £	Total £
Cost or valuation				
At 1 April 2012	550,000	399,548	782,734	1,732,282
Additions	0	46,252	33,173	79,425
Revaluation	(130,000)	11,635	87,506	(30,859)
Disposals	0	(1,289)	(84,526)	(85,815)
At 31 March 2013	420,000	456,146	818,887	1,695,033
Depreciation				
At 1 April 2012	0	309,511	621,310	930,821
Charged in year	183,333	32,322	76,989	292,644
Revaluations/Back log	(183,333)	9,054	68,190	(106,089)
Disposals	0	(1,289)	(84,526)	(85,815)
At 31 March 2013	0	349,598	681,963	1,031,561
Net book value at 31 March 2013	420,000	106,548	136,924	663,472
Net book value at 31 March 2012	550,000	90,037	161,424	801,461
2011/12	Buildings, leasehold improvements New Cathedral Buildings £	Furniture & fittings £	Information technology £	Total £
Cost or valuation				
At 1 April 2011	690,000	389,099	771,253	1,850,352
Additions	(42,791)	8,028	8,982	(25,781)
Revaluation	(97,209)	2,421	2,499	(92,289)
At 31 March 2012	550,000	399,548	782,734	1,732,282
Depreciation				
At 1 April 2011	0	278,943	549,777	828,720
Charged in year	172,500	29,995	71,030	273,525
Revaluations/Back log	(172,500)	573	503	(171,424)
At 31 March 2012	0	309,511	621,310	930,821
Net book value at 31 March 2012	550,000	90,037	161,424	801,461
Net book value at 31 March 2011	690,000	110,156	221,476	1,021,632

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

IAS 16 requires measurement at fair value. Management considers open market value to be the best available estimate of fair value. Leasehold improvements have been valued by the Land and Property Services (Valuations) on the existing use basis at £420,000 as at 31 March 2013 (£550,000 as at 31 March 2012). The open market valuation at that date was £nil (£nil at 31 March 2012).

All other assets were re-valued on the basis of the latest available indices as at 31 March 2013. This has resulted in an increase in valuation of £75,230 as at 31 March 2013, which has been analysed below.

Analysis of property, plant and equipment revaluations	2012-13		2011-12	
	Revaluation Reserve	Comprehensive Expenditure Account	Revaluation Reserve	Comprehensive Expenditure Account
	£	£	£	£
Buildings - leasehold improvements	0	53,333	0	75,291
Fixtures & fittings	2,581	0	1,848	0
Information technology	0	19,316	0	1,996
	2,581	72,649	1,848	77,287

Analysis of property, plant and equipment payments	Note	2012-13	2011-12 £
Property, plant and equipment additions		79,425	(25,781)
Decrease in accruals related to property, plant & equipment	10	0	42,791
Total cash payments for property, plant and equipment		79,425	17,010

7 Intangible assets

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

2012/13	Information technology, case handling system £	Software licences £	Total £
Cost or valuation			
At 1 April 2012	1,326,665	348,345	1,675,010
Additions	22,710	122,148	144,858
Revaluation	165,657	43,705	209,362
At 31 March 2013	1,515,032	514,198	2,029,230
Amortisation			
At 1 April 2012	620,429	294,948	897,377
Charged in year	160,747	20,655	181,402
Revaluation/Back log	54,429	37,326	91,755
At 31 March 2013	817,605	352,929	1,170,534
Net book value at 31 March 2013	697,427	161,269	858,696
Net book value at 31 March 2012	724,236	53,397	777,633
2011/12	Information technology, case handling system £	Software licences £	Total £
Cost or valuation			
At 1 April 2011	1,297,656	347,220	1,664,876
Additions	24,805	0	24,805
Revaluation	4,204	1,125	5,329
At 31 March 2012	1,326,665	348,345	1,675,010
Amortisation			
At 1 April 2011	410,660	275,386	686,046
Charged in year	190,439	19,112	209,551
Revaluation	1,330	450	1,780
At 31 March 2012	602,429	294,948	897,377
Net book value at 31 March 2012	724,236	53,397	777,633
Net book value at 31 March 2011	886,996	71,834	958,830

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 2013. This has resulted in an increase in valuation of £117,607 as at 31 March 2013, which has been analysed below.

Analysis of intangible asset revaluations	2012-13		2011-12	
	Government Grant Reserve £	Comprehensive Expenditure Account £	Government Grant Reserve £	Comprehensive Expenditure Account £
Information technology (case handling system)	111,228	0	2,874	0
Software licences	0	6,379	0	675
	111,228	6,379	2,874	675

8 Trade receivables and other current assets

	2012-13 £	2011-12 £
Amounts falling due within one year:		
Deposits and advances	3,434	3,000
Prepayments and accrued income	185,173	210,268
	188,607	213,268
Amounts falling due after more than one year:		
Prepayments and accrued income	0	4,432
Total	188,607	217,700

9 Cash and cash equivalents

	2012-13 £	2011-12 £
Balance as at 1 April	(93,115)	175,187
Net changes in cash and cash equivalents	205,228	(268,302)
Balance at 31 March	112,113	(93,115)
The following balances were held at:		
Commercial banks and cash in hand	112,113	(93,115)
Balance at 31 March	112,113	(93,115)

10 Trade payables and other current liabilities

	2012-13 £	2011-12 £
Amounts falling due within one year:		
Trade payables	3,571	2,490
Other taxation and social security	8,978	21,743
Employee Benefit Accrual	165,058	194,145
Accruals and deferred income	363,193	349,932
Total	540,800	568,310

Trade payables and other current liabilities include an Inter-Governmental balance of £2,030 (£11,070 in 2011-12) with Forensic Science Northern Ireland (FSNI); one of £58,105 (£49,751 in 2011-12) with the Department of Finance & Personnel (DFP); one of £3,261 (£40 in 2011-12) with the Department of Justice; one of £807 (£nil in 2011-12) with the Department of Education; and one of £38,400 (£nil in 2011-12) with the Department of the Environment.

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

11 Provisions for liabilities and charges

	2012-13 £	2011-12 £
Balance at 1 April	183,000	52,250
Provided in the year	95,000	204,178
Provisions not required written back	(104,901)	(7,566)
Provisions utilised in the year	(59,516)	(65,862)
Balance at 31 March	113,583	183,000

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

At 31 March 2013 the Office had seven cases ongoing with an overall provision of £113,583. The provision which has been calculated in respect of these matters is £60,000 for two Judicial Reviews, £47,583 for 4 civil actions and £6,000 for an employment matter. For four of these cases the provision relates to the legal costs to be incurred in defending these matters, as the expected risk of failure is estimated at 50% or less. For two of the remaining cases the provision relates to an estimate of damages and related costs where it is considered that there is a risk that the Office may not successfully defend these matters and for the final matter the provision relates to legal fees associated with the Judicial Review. At 31 March 2012 the provision of £183,000 was in respect of one Judicial review matter, four civil actions and two employment matters.

The timing of the settlement of the claims depends on the circumstances of each case.

12 Capital commitments

There were no contracted capital commitments as at 31 March 2013 not otherwise included in these financial statements. (£nil as at 31 March 2012.)

13 Commitments under leases

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

	2012-13 £	2011-12 £
Obligations under operating leases comprise:		
<i>Buildings</i>		
Not later than one year	308,615	334,080
Later than one year and not later than five years	282,000	564,000
Later than five years	0	0
<i>Photocopiers and vehicles:</i>		
Not later than one year	30,877	33,079
Later than one year and not later than five years	18,652	41,757
Later than five years	0	0
Total	640,144	972,916

14 Other financial commitments

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

15 Contingent liabilities disclosed under IAS 37

At 31 March 2013 the Office of the Police Ombudsman for Northern Ireland had four cases which are expected to be successfully defended. In the unlikely event that the Office should lose these cases, the estimate of maximum damages and further legal costs that could arise is £340,500 (31 March 2012: £1,041,500 estimate of maximum damages/legal fees in respect of 4 cases).

16 Related-party transactions

The Office of the Police Ombudsman for Northern Ireland is an executive Non-Departmental Public Body sponsored by the Department of Justice during the year ended 31 March 2013.

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

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

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

17 Financial instruments

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

18 Losses and special payments

There were no losses or special payments for the year to 31 March 2013 (£nil for the year ended 31 March 2012).

19 Events after the reporting period

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

The financial statements were authorised for issue by the Accounting Officer on 17 June 2013.

Appendix 1 - Key Performance Indicators

Service Commitment	Targets	Performance against targets 2012/13	Performance against targets 2011/12
Level of complaints registered	Resource and action all complaints and related allegations registered.	3,265 complaints – 2% decrease on 2011/12	3,336 complaints – approximately the same as 2010/11
		5,200 allegations – 13% decrease on 2011/12	5,896 allegations – 7% decrease on 2010/11
Responsiveness, prompt service and timely processes	Register all appropriate matters reported to the Police Ombudsman within 3 working days of receipt.	91% achievement	94% achievement
	90% of all complaints to be actioned within 5 working days of receipt.	87% achievement	92% achievement
	85% of complaints investigated, other than grave or exceptional matters to be completed within 110 working days.	76% achievement	78% achievement
	85% of complainants to be updated every 6 weeks.	89% achievement	88% achievement
	85% of police officers subject to investigation to be updated every 6 weeks.	82% achievement*	85% achievement
	90% of complaints, not subject of investigation or Informal Resolution, to be dealt with within 40 working days.	95% achievement	98% achievement
	90% of complainants to be contacted by the Investigating Officer within 3 working days of the complaint being allocated to that officer.	92% achievement	90% achievement
	To maintain a level of 80% public awareness of the Office.	84% achievement	85% achievement
Quality and effective investigations, levels of satisfaction and confidence in police complaints system	To maintain a level of 80% awareness of the independence of the Police Ombudsman.	84% achievement	85% achievement
	To maintain a level of 80% confidence that the Police Ombudsman for Northern Ireland deals with complaints in an impartial way.	76% achievement	77% 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.	86% achievement	83% achievement
	To maintain a level of 60% complainants being satisfied or very satisfied with service received.	52% achievement	52% achievement
	To maintain a level of at least 75% of complainants willing to use the service again.	63% achievement	64% achievement
	To maintain a level of at least 75% of police officers subject of investigation to be satisfied with the service provided by the Office.	73% achievement	73% achievement

* extracted by sample

Making a Complaint

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

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

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

You do not have to pay to make a complaint

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

Tel: **028 9082 8600**

Fax: **028 9082 8615**

Textphone: **028 9082 8756**

Email: **info@policeombudsman.org**

Web: **www.policeombudsman.org**

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

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

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

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

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