

# ANNUAL REPORT & ACCOUNTS

**For the year ended  
31 March 2016**

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



Police Ombudsman for Northern Ireland

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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

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

on 30 June 2016

## Glossary of Abbreviations

ACPO	Association of Chief Police Officers
AEP	Attenuating Energy Projectile
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
CPD	Continuous Professional Development
CPI	Consumer Prices Index
CSP	Civil Service Pensions
DFP	Department of Finance and Personnel
DoJ	Department of Justice
FReM	Financial Reporting Manual
FTE	Full Time Equivalent
HIU	Historic Investigations Unit
HMIC	Her Majesty's Inspectorate of Constabulary
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard
MOU	Memorandum of Understanding
MSFM	Management Statement and Financial Memorandum
NDPB	Non Departmental Public Body
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NIPB	Northern Ireland Policing Board
NIPSA	Northern Ireland Public Service Alliance
PACE	Police and Criminal Evidence
PPS	Public Prosecution Service
PSIAS	Public Sector Internal Audit Service
PSNI	Police Service of Northern Ireland
RPI	Retail Prices Index
SCS	Senior Civil Service
SMT	Senior Management Team
SSRB	Senior Salaries Review Board
VAT	Value Added Tax

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## Foreword by the Police Ombudsman

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The business year 2015 – 2016 was the 15th Anniversary of the establishment of the Office of the Police Ombudsman. It was a useful opportunity to reflect the progress which has been made to date in the setting up and consolidation of an independent police complaints system in Northern Ireland.

It goes without saying that the issues facing the Office in 2016 are very different from those when it was first established. The challenges of setting up a police complaints system within the highly charged political context of policing reform cannot be under estimated. During this anniversary year we undertook some key surveys and the results clearly demonstrate the progress which has been made in the creation of an independent police complaints system.

The results of the surveys which are detailed in this report show that the Office has been true to the values outlined in the Maurice Hayes Report which led to the establishment of the Office of “independence, independence, independence.” The results are I would suggest impressive for any public body providing a service, particularly one which is working in the high profile area of policing.

During the year we continued to close more cases than we opened. We received 3,018 complaints, a reduction on the previous year. The reduction in complaints coming to the Office is evidence of the good work undertaken by many police officers in their day to day interactions with the public and the activities of my Office and others in the implementation of a complaints reduction programme with the police. During the year there were reductions in the complaints to the Office in relation to malpractice by police officers, failures in duty, oppressive behaviour, unnecessary arrests and incivility.

In 25% of the cases we investigated we found evidence that either the initial complaint was substantiated or there was a separate issue that concerned us. Examples were included in public reports across a range of areas.

For example we published a report into the serious allegation that the police had stood by and watched a man – Kevin McDaid from Coleraine – being beaten to death. Our extensive report, based on over 120 interviews and reviews of documentation, found that there was no evidence that the police failed to act as Mr McDaid was attacked. My overall conclusion on the incident was that the police did all that could have been reasonably expected of them.

My staff also investigated a serious allegation that the police failed to act on information received that could have prevented the bomb attack on a Police Officer. The investigation found no evidence that the police failed to act as the information they received was insufficiently specific to have prevented the attack. However, the investigation found , that despite repeated requests over a 28 month period, some police intelligence was not disclosed to officers investigating the attack. This was contrary to PSNI guidelines regarding dissemination of intelligence to investigators. The Office recommended four police officers be disciplined for their failure to act.

In order to illustrate the nature and range of cases that come to the Office we published 51 “case studies” throughout the year. The investigations covered a wide range of incidents including: Taser and AEP discharges; an investigation rejecting allegations that a man was sent to jail on the basis of inaccurate information from the police; and the substantiation of a complaint from the Orange

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Order that police failed to protect marchers as they walked past the Short Strand. The fact that we receive complaints from all sections of the community in Northern Ireland is further evidence of the independence of the Office.

I do not need a complaint before I investigate a case -this is an important power and allows areas to be investigated in the public interest. Last year there were 14 occasions when I initiated an investigation into matters, even though I did not receive a complaint about them because I believed it to be in the public interest to do so. In addition there were 50 referrals from the Chief Constable requesting an independent investigation in the public interest; an increase of 9% on the previous year.

The Office made a range of policy recommendations aimed at the improvement of policing and police practice in Northern Ireland. Key recommendations included that consideration is given to the introduction of a Domestic Violence Prevention Order similar to the Sexual Violence Prevention Order. This would place an obligation on offenders to engage with the relevant agencies in the Public Protection Arrangements resulting in improved risk management and protection of victims and the public. In addition the Office also recommended that the police review their arrangements for the detention of juveniles in accordance with ACPO guidelines, the Codes of Practice, Code of Ethics and public expectations.

It is disappointing to note that dealing with the past remains an unresolved issue. In last year's Annual Report I sounded an optimistic note around the potential for the creation of a Historical Investigations Unit, one of a package

of measures designed to address the legacy of the Troubles. Little progress was made in the establishment of these organisations in the financial year leading to further disappointment among victims and survivors. It is clear that current arrangements are inequitable, unsatisfactory and inadequately funded. The proposals emerging from the "Stormont House Agreement" represented the possibility of a new approach and it is highly unfortunate that these issues remain unresolved

In the absence of any other mechanisms for dealing with the past, the legacy work of the Office continued. We completed a number of high profile investigations which will see publication in 2016 / 2017. During the year we also finished 'stage one' of an extensive investigation into allegations relating to the work of a state agent, code named "Stakeknife". This report, the result of a two year investigation, was sent to the Director of Public Prosecutions who as a consequence directed the Chief Constable to undertake further investigative work into the activities of "Stakeknife" and others within the IRA "nutting squad" as well as other state actors ( excluding the police which remains the responsibility of this office).

The Office also completed investigations into 65 cases of our history caseload of 370 cases. These cases will be reported on in the forthcoming financial year.

Funding for History cases continues to be challenging and in the financial year we submitted a business case to the Department of Justice for additional monies. The staffing of the History Directorate has been reduced while the caseload has continued to increase.

In the absence of adequate resources to undertake this work victims and survivors will continue to wait to get answers to their questions regarding their loved ones. Legacy issues will not go away and the Stormont House and Fresh Start Agreements represent the potential for a new way forward. I would urge those involved in the decision making to come to a resolution to these important issues and provide some clarity to victims and survivors' of the troubles, many of whom have been waiting years for answers to what happened to their friends and family.

The funding issue relates to current investigations as well as history cases. There was on-going discussion between the Office and the Department of Justice regarding the budget for the Office and the impact the imposition that significant cuts would have. Since 2010 the baseline budget for our contemporary work has been reduced by 15%. We are being asked for the equivalent of an additional cut of over 3% in the next financial year.

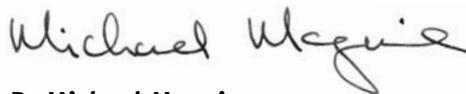
The issue for me is clear. Further reductions in budget can only be achieved by a reduction in front line provision with a consequent impact on public and police confidence in the work of the Office. A further reduction in budget will impact on timeliness of cases and our ability to undertake serious investigations in a timely way.

The context for the Police Ombudsman has changed considerably over the past 15 years. Many of the issues leading to the establishment of the Office remain, including the contested space of policing and the fact that policing powers are immense and still require external scrutiny.

Independence must be seen to exist in practice for the public to have confidence in the process.

In an article published in 2015 John Topping from Ulster University wrote that the Office of the Police Ombudsman was "considered to be one of the most robust and independent bodies in the world" whose return on investment was "incalculable in terms of its worth to societal trust and confidence in the police".

This Report sets out the performance of the Office against its objectives. I commend the Report to you.



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

# Performance Report

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## Overview

### Statement from the Chief Executive

I am pleased to report on the business and performance of the Office for the financial year ended 31 March 2016. The report is supplemented by a statistical bulletin which can also be found on our website ([www.policeombudsman.org](http://www.policeombudsman.org)) and which provides a range of data. A table detailing performance against the Key Aims of the Office is included at page 11 of this report.

Included in the Performance Analysis section of this report is a selection of case studies that demonstrate some of the variety of investigations undertaken throughout the year. Examples of both positive and negative feedback from the public and the police have also been included.

This has been another challenging year for the Office of the Police Ombudsman. Performance across the Office remained good with encouraging results from surveys of complainants, police officers and the general public. I was delighted that our surveys reflected excellent work by our staff and that the timeliness of cases also improved. Whilst the volume of complaints received by the Office fell by 10% when compared to the previous year (3,367 to 3,018), the Office continued to focus on the quality and timeliness of investigations.

In addition, internal auditors examined control and governance arrangements in the Office and reported 'substantial' assurance in three key areas which I report on in the Governance Statement. The areas examined in which substantial assurance was provided were; budgetary management/financial control, human resource management/training and risk management/corporate governance.

A satisfactory assurance was also provided in relation to computer laptop controls and limited assurance was provided in relation to records management. Overall, the audits reflect continuing improvement in the corporate governance of the Office despite the various pressures faced.

In advance and following the internal audit, the Office brought increased and sharpened focus to 'records management'. It is increasingly important that organisations have a clear and consistent approach to records management including the retention and destruction of material. The Office made some good progress during the year and this aspect of our work will continue to be the subject of considerable effort next year and beyond.

During the year the Office developed a number of streams of work in preparation for the transfer of (pre 1998 Troubles related) cases from the History Directorate to the proposed Historical Investigations Unit (HIU). The work on transition is complex and presents some significant challenges specifically in relation to accommodation, staffing levels and recruitment and of course business planning. However, with no political agreement having yet been reached in relation to dealing with some aspects of Northern Ireland's recent past, this work was suspended during the year. The work will not be wasted and will stand the Office in good stead if the HIU becomes a reality in the future.

The Ombudsman's commitment to fulfilling his statutory duty to investigate such matters remains steadfast and a number of significant investigations were concluded during the year.

The year saw continued pressure on the budget available to the Office. The net effect of year on

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year cuts to core funding since 2009/10 presents a clear risk to the operation of the Office. During the year the Office was asked to cease discretionary spending for a period and make plans to return funds to the Department of Justice (DoJ) in anticipation of in year budget cuts. Although no in year cut materialised, the required planning demanded flexibility from the finance and human resources functions of the Office as they sought to plan for a range of potential scenarios.

In seeking to maximise the efficiency and effectiveness of the office, we have again sought to further streamline process, increase our focus on areas of greatest impact and improve productivity. Despite various pressures, the Office can be proud of its achievements in the year. The timeliness of non complex investigations has improved, public reports were issued in respect of a number of significant investigations and our efforts to improve policing in Northern Ireland were evidenced in a range of strategic and operational policy recommendations made to the PSNI.

Of course challenges remain. Complainant satisfaction in the office has fallen and more work is required to increase the number of cases that are informally resolved. I look forward to the further work that lies ahead to further improve the service that we offer to both complainants and police officers.

I have been impressed throughout the year by the commitment and dedication of our staff who have continued to work extremely hard and strive to meet the various challenges faced by the Office. As always they have my thanks.

## 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 the Police (Northern Ireland) Act 1998 (Commencement) Order (Northern Ireland) 2000. The Office is an executive Non Departmental Public Body (NDPB) of the Department of Justice (DoJ).

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

The Key Strategic Aims of the Office which are framed by the Police (Northern Ireland) Act 1998 are to secure an effective, efficient and independent police complaints system which is capable of securing the confidence of the public and police in that system. The key features of legislation are detailed in the table on page 10.

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.

### THE POLICE OMBUDSMAN FOR NORTHERN IRELAND IS:

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

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

- exercise his powers in the way he thinks best calculated to secure
- the efficiency, effectiveness and independence of the police complaints system;
  - the confidence of the public and of members of the police force in that system;
  - observe all requirements as to confidentiality;
- receive complaints and other referred matters and to decide how to deal with them;
- investigate complaints, referred matters and matters called in for investigation by the Police Ombudsman;
- receive and record policy complaints and refer them to the Chief Constable;
- make recommendations to the Director of Public Prosecutions for criminal prosecution;
- make recommendations and directions in respect of disciplinary action against police officers;
- notify the DoJ, NIPB and Chief Constable of the outcome of certain complaints, referred matters and any investigation which the Ombudsman initiates without a complaint;
- report to the DoJ annually;
- carry out inquiries as directed by the DoJ;
- supply statistical information to the NIPB.
- investigate a current practice or policy of the police if
  - the practice or policy comes to his attention under the Act; and
  - he has reason to believe that it would be in the public interest to investigate the practice or policy.

### Principal Activities

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

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

statements and makes policy recommendations aimed at improving policing within Northern Ireland. He also provides statistical reports for management purposes to the Police Service of Northern Ireland and to the Northern Ireland Policing Board and provides management information to the Department of Justice.

An agreement was reached for the Office to undertake investigations into certain complaints about Immigration Officers and Designated Customs Officials when operating in Northern Ireland through a legal framework developed jointly with the Home Office and Department for Justice. In addition, an agreement was reached for the Office to investigate certain complaints about National Crime Agency staff when operating in Northern Ireland.

The Office does not expect a large number of complaints in relation to either Immigration Officers, Designated Customs Officials or National Crime Agency staff, however it is important that they are dealt with thoroughly and competently. Both these agreements include arrangements for reimbursement of costs in order that any investigations are 'cost neutral' to the Office.

#### Key Issues and Risks facing the Office

Within the executive processes of the Office, there is an embedded corporate approach to risk management. The risk register is reviewed by Senior Management on a regular basis making the risk register a dynamic document and is included as a standing item on all SMT agendas. Directors consider signs or warning of risks, examine existing controls to reduce or manage risks and if necessary take additional action.

In addition the Audit and Risk Committee consider the Risk Register at each quarterly meeting. Further information in relation to risk management is contained in the Governance Statement at pages 34 to 40.

There are 3 key risks facing the Office these are: a risk that the budget allocated to the Office is insufficient for the Office to function effectively in the delivery of its statutory duties

- a risk that the Significant Cases Team is not adequately resourced to investigate a portfolio that includes both post 1998 historical enquiries and contemporary critical incidents, and
- a risk that if a new Historic Investigations Unit (HIU) is established it may lead to issues including higher staff turnover, uncertainty and reduced morale for staff and reputational damage to the Office.

### Explanation of the adoption of the Going Concern basis

The Office draws cash resource from the DoJ on the basis of need to pay and not as costs are accrued. Consequently, at the end of the financial year the Office had net current liabilities of £104,880 (£251,817 for year ended 31 March 2015). The Office continues to be funded through the DoJ and the financial statements have been prepared on a going concern basis.

### Summary of Performance and Forward Look

Table 1 provides an overview of the key service commitments derived from the annual business plan for the 2015/16 financial year. Further detailed narrative is included in the Performance Analysis section of this report on pages 13 to 31.

Table 1 - Service Commitments		Performance against targets	
Key Aim	Targets	2015/16	2014/15
<b>Delivering Excellence in Investigations</b>	Resource and action all complaints and related allegations registered.	3,018 complaints -10% decrease	3,367 complaints - 10% decrease
		4,863 allegations - 14% decrease	5,587 allegations - 9% decrease
	70% <sup>1</sup> of complaints investigated, other than grave or exceptional matters to be completed within 110 working days.	73% achievement	70% achievement
	Increase the number of complaints resolved through Informal Resolution by 25%	159 complaints - 4% decrease	N/A *
<b>Maintain Impartiality and Independence in Dealing with Complaints</b>	To maintain a level of 80% public awareness of the Office.	90% achievement	89% achievement
	To maintain a level of 80% awareness of the independence of the Police Ombudsman.	83% achievement	81% achievement
	To maintain a level of 80% confidence that the Police Ombudsman for Northern Ireland deals with complaints in an impartial way.	80% 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.	83% achievement	81% achievement
	To maintain a level of 70% of complainants to feel that they have been dealt with fairly by the Office <sup>2</sup> .	78% achievement	59% achievement
	To maintain a level of at least 70% of police officers subject of investigation to feel that they have been dealt with fairly by the Office.	80% achievement	N/A *
<b>Develop and Implement Standards for the services we provide</b>	At least 60% <sup>3</sup> of complainants to be satisfied with the service they receive.	41% achievement	50% achievement
	Measure performance against the Service Charter <b>Police Officers</b> - thought they were treated with respect - thought staff were easy to understand - thought staff were knowledgeable - satisfied with the manner in which they were treated - thought their complaint was dealt with independently - satisfied with how the complaint was handled <b>Complainants</b> - thought they were treated with respect - thought staff were easy to understand - thought staff were knowledgeable - satisfied with the manner their complaint was treated - thought their complaint was dealt with independently	89% achievement 90% achievement 77% achievement 56% achievement 79% achievement 48% achievement	N/A * N/A * N/A * N/A * N/A * N/A *
		85% achievement 83% achievement 78% achievement 51% achievement 53% achievement	N/A * N/A * N/A * N/A * N/A *
	Reduce the number of complaints against the Office by 10%	7.3% achievement	N/A *
<b>Focus Efforts in Improving Policing</b>	Continue to work with PSNI and NIPB in identifying how many recommendations have impacted on policing.	57 recommendations	N/A *

1 In 2014/15 this target was 50%.

2 The question in the 2015/16 survey has been changed slightly to reflect the new Service Charter. It asks complainants that had spoken to a member of staff if they were treated fairly. For this reason the results from 2014/15 are not directly comparable.

3 In 2014/15 this target was 50%.

\* These targets were introduced in 2015/16

## Forward Look

The 2016/17 Annual Business Plan has been drafted and will be available on the Office website when it is approved by the Minister of Justice. The plan is the third annual plan in a three year strategic planning cycle and the 4 key aims that for 2016/17 remain the same as those for 2015/16:

- Deliver excellence in investigations
- Maintain impartiality and independence in dealing with complaints and provide relevant information to the public and stakeholders
- Develop and implement standards for the services we provide and measure accordingly and
- Focus our efforts in improving policing.

There are challenges to the Office in seeking to deliver against these key aims. Over recent years the Office has been faced with making financial savings year on year. The further potential pressures on budgets in the years ahead will continue to present a significant challenge to the Office as it seeks to continue to deliver its statutory duty.

During 2015/16, the planned establishment of the Historic Inquiries Unit (HIU) by October 2016 was delayed. However, it is anticipated that the new body will be established in due course and that work to progress this will begin again in the near future.

This will present challenges to the Office in ensuring a professional and comprehensive transition of work to the HIU with a carefully timetabled completion of investigations and publication of statements by the Office. The Office will also need to plan carefully with regard to staffing levels in ensuring that the required skills

and experience are retained in the Office. Any secondments or transfers of staff to the HIU must not leave the Office vulnerable to being unable to carry out its core functions to a high standard.

The Office has submitted two business cases to DoJ in support of additional resource to investigate complex cases in both the Historic and Current Investigations Directorate. The additional resources requested are critical to ensuring that the Office has the ongoing capacity to fulfil its statutory obligations and investigate allegations of the most serious nature. The Office will continue to work with government officials to progress the the business cases.

## In Conclusion

Overall I consider that during a busy and demanding year, the Office has continued to perform at a high level. We will continue to develop and learn and increasingly seek to show the impact of our work on contemporary policing.

## Performance Analysis

### Operational Performance

The Office has a statutory objective to secure the confidence of the public and the police through the efficiency, effectiveness and independence of the police complaints system that it provides.

During the year the Office performed strongly towards this objective. An independent survey found ;

- 90% of those surveyed were aware of the Office
- 83% of those who were aware of the Office were also aware of its independence
- 80% had confidence that the Police Ombudsman deals with complaints in an impartial manner.
- 86% of respondents felt that the Ombudsman helps to ensure that the police in Northern Ireland do a good job.

During the course of the year the Office conducted research into Police Officer satisfaction with the service provided by the Police Ombudsman's Office. The survey reflected that that the majority of police officers had positive views of Ombudsman staff, with 89% stating that they had been treated with respect and 80% stating that they had been treated fairly.

The research also surveyed officers who had been subject of an investigation as to whether they were satisfied with the service provided by the Office. Almost half of the officers who responded to the survey were satisfied with how the Office had handled the investigation.

The Police Ombudsman has carefully considered the results of the Police Officer survey and during the year took action to address some of the issues raised. This included adapting official forms to provide officers with more information in relation to complaints made against them and reviewing and amending the information for officers on the Police Ombudsman website.

The core business of the Office is the receipt and investigation of complaints and referrals that relate to contemporary policing in Northern Ireland. During 2015/16 the office received 3,018 complaints ranging from allegations of minor incivility to allegations that police failed to intervene to prevent a murder.

The level of complaints received in 2015/16 represents a 10% decrease from 2014/15. Although it is difficult to accurately identify the reason for the reduction in complaints it is possible to identify some possible causes.

The PSNI set complaint reduction targets in their Policing Plan for 2015/16. The Police Ombudsman also commenced a number of initiatives aimed at reducing the number of complaints against police. These included enhanced liaison with the PSNI and the provision of improved statistical information at local District level to allow a greater understanding of the causes of public dissatisfaction with police service.

Despite the reduction in complaint numbers 2015/16 it remained a busy year for the Office. The Office received 50 referrals from the Chief Constable - an increase of four from 2014/15. These matters ranged from instances where the police had discharged a Taser, fired an AEP round to deaths following police contact.

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The Police Ombudsman also exercised his 'call in' power to investigate matters which had not been subject of a complaint or referral from the Chief Constable. In 2015/16 the Ombudsman invoked this power on 14 occasions and investigated matters such as a police pursuit that had resulted in a serious injury accident and a matter where it was feared that a police officer may have entered into a relationship with a vulnerable person. The Office also received three referrals from the Public Prosecution Service involving sensitive matters.

The Office commenced the full investigation of 1,558 cases during 2015/16. This means that 52% of cases received during the year were sent for full investigation. In 25% of cases closed following a full investigation the Office found evidence to substantiate all or part of the complaint or identified another area for recommendation to the police.

During this year, the Office recommended 311 disciplinary sanctions to the Chief Constable concerning the conduct of police officers/staff. Of those 37 were for Management Discussion, 207 for Advice and Guidance, 53 for Superintendent Written Warning and 14 for formal disciplinary hearing. On 21 occasions the Office recommended that the PPS prosecute officers/staff.

The Office continues to investigate historical matters that are considered by the Ombudsman to meet the statutory test for investigation. The majority of those investigations relate to deaths prior to 1998 associated with what is referred to as the 'Troubles' in Northern Ireland.

In 2015, considerable time and resource was dedicated to planning and preparation to facilitate the transfer of the work of the Historic

Investigations Directorate to the new HIU. However, as no final political agreement has been reached on the process and structures for dealing with the past, the Office continued to investigate historic matters; the Police Ombudsman's commitment to investigate the historical matters that fall within remit remains.

The Historic Investigations Directorate set a target for the year to deliver four 'complex' investigations, in which multiple complaints are consolidated given identified links between them. The Directorate also aimed to complete 12 'other' investigations by the end of the reporting year.

During 2015/16 the Directorate completed two 'complex' investigations relating to a series of murders including those at Sean Graham Bookmarkers, Ormeau Road, Belfast on 5 February 1992 and at the Rising Sun Lounge, Greysteel on 30 October 1993. Reports were also completed in respect of two further 'complex' investigations, including an important piece of investigative work which led the Director of Public Prosecutions to request the Chief Constable conduct a major investigation into matters associated with the alleged Security Force Agent known as 'Stakeknife'.

Ten 'other' investigations were undertaken during the year including a complaint associated with the murder of six men at the Heights Bar, Loughinisland on 18 June 1994. Public statements in respect of these cases will be published in due course.

The Ombudsman has previously stated that the funding for the investigation of the increasing number of historic complaints is insufficient if they are to be completed in a time frame acceptable to families and other interested parties. By the end of the reporting year the Office held a total of 370

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complaints and referrals from the Chief Constable relating to events during the 'Troubles' of which 65 were investigated during 2015/16 and 98 are commencing in 2016/17.

Given the current capacity of the Office to undertake historic investigations, the number of such cases being completed each year is similar to the number of new complaints. In addition, the Office has a significant and complex caseload of complaints relating to the security situation in Northern Ireland post 1998. The Police Ombudsman is clear that he has insufficient resources available to complete these investigations in a timely manner.

During 2015/16, efforts continued to secure the additional funding to allow the Ombudsman to fulfil his statutory obligation to investigate such cases. A business case requesting additional resources for this work and Historic investigations was submitted to the DoJ towards the end of the financial year.

The impact of budget reductions on historical investigations is relatively straightforward to assess as it means that the work of the History Directorate takes longer to complete due to the reduction in available resources. The Office has been subject of legal challenge by way of judicial review in respect of timeliness of investigations in this regard.

The impact on current investigations has always been more challenging to assess. It had been feared that the reduction in budget would impact negatively on the timeliness of our investigations. Whilst it has become increasingly difficult to maintain timeliness targets, the Police Ombudsman has taken steps to reduce bureaucracy and has realigned resources to the current investigation directorate. This has resulted in improvements

in the timeliness of investigations. As an example of the initiatives undertaken, a realignment of resources involved an internal recruitment exercise leading to four members of staff becoming 'trainee investigators'. As the 2015/16 reporting year came to an end, the four 'trainee investigators' were in the process of finalising professional development portfolios and academic assessments that will shortly see them accredited as civilian oversight investigators by the University of Portsmouth.

This achievement by the four trainees also evidences the commitment and work across the office to the development of our staff. The bespoke trainee programme drew on the experience and knowledge of dedicated mentors and the assistance and resourcefulness of our Corporate Services Directorate. The ability of any civilian oversight agency to develop and train its own investigators is a significant advantage in times of restricted resources and budget. However, any further cuts are likely to have significant impact on performance.

The Police Ombudsman has previously called for a change in the governing legislation to allow the use of 'mediation' at an early stage as a means of resolving appropriate police complaints. During the year the Police Ombudsman undertook a project in a small number of cases utilising the legislation as it currently stands with mediation occurring at the end of an investigation. Although the project is not yet complete early indications are that the current process is resource intensive and unlikely to be sustainable on a larger scale.

Whilst acknowledging the pressure on the public sector finances generally, in real terms the funding of the Office was further reduced for 2015/16. Further information is contained in the financial review section of this report.

The quality of the work in the Office is of course critically important. The achievement of ‘excellence in investigations’ and the complaint handling process is a key aim of the organisation. The Police Ombudsman’s Quality and Standards Board and the work of the small Quality Assurance Team contribute to the achievement of this aim.

During the year we undertook a project to examine our recommendations to PSNI and ensure that appropriate, fair and consistent recommendations were being made. The work reflected a high level of consistency and provided assurance that appropriate recommendations were being made. The Office also examined cases closed during the year where complainants had not cooperated with our investigation. This work indicated that even in cases where the complainant had not cooperated, efforts were still being made to ensure that no police misconduct had taken place.

The Police Ombudsman also conducted a quality assurance exercise in the random dip sampling and review of investigations. This provided further assurance as to the high level of investigative product and the reasoned and evidence based decision making of our investigators.

The Police Ombudsman is required to prepare for a schedule of cases due to be heard in the Coroner’s court in the coming year. Some of this work started in 2015/16 and will continue into 2016/17. As the extent of the resources required to fulfil these obligations becomes clear efforts will be made to secure additional funding if required

“I was investigated by [Investigating Officer] and I found her to be efficient, pleasant and respectful.”

**PSNI Officer**

### Case Study

## POLICE USE OF TASER WAS JUSTIFIED

**The Police Ombudsman concluded that police were justified in using Taser against a man acting irrationally with a knife at the perimeter fence of Belfast City Airport. The incident happened after police were contacted by security staff at the airport.**

An officer told Police Ombudsman investigators that he asked the man to drop the knife on several occasions. He said the man responded in an irrational way, before threatening that he would not put down the knife until he had used it. The officer said he judged the threat the man presented to be high and discharged his Taser, which temporarily incapacitated him. Two officers then moved in and restrained and disarmed the individual, before handcuffs were applied and he was taken into custody, where he was examined by a police doctor.

Police Ombudsman investigators examined police documentation and radio transmissions. They also obtained relevant CCTV footage from the airport, as well as statements from police officers and airport security staff. The evidence corroborated police accounts of the incident.

Dr Maguire, concluded that the officer had acted in “the lawful execution of his duty” to prevent harm to the man and others who had been present. He noted that the man had been given a number of opportunities to drop the knife, and concluded that the use of Taser had been “lawful, proportionate and necessary.”

## Performance against the Annual Business Plan - 2015/16

The Office established a Vision for the Office and four Key Aims in the Three Year Corporate Plan (2014/17). The key aims, along with indicators and targets for the year 2015/16 were set by the Police Ombudsman in conjunction with the Senior Management Team and progress was reviewed throughout the year. Where necessary steps were taken both to maintain performance and to focus effort on those targets requiring attention.

Reports were also provided to the Department of Justice Accounting Officer through the governance arrangements between the Office and the Sponsor Department, Policing Policy and Strategy Division.

Pages 18 to 22 reflects on the performance of the Office against each Key Aim

“I would like to take this opportunity through you to pass on our family’s sincere gratitude to the investigating officer... As I am sure you can understand this was a very difficult and stressful period for our family ... and exasperated with police attitude and behaviour. Special mention must be made of [Investigating Officer’s] professionalism, impartiality, courteousness and very good listening skills ... All the family are sincerely grateful that the Ombudsman’s Office is staffed with such highly professional staff.”

**Complainant**

“Thank you for the professionalism and professional courtesy you showed throughout the investigation. I wish you all the best”

**PSNI Officer**

### Case Study

#### DRIVER RECOMMENDED FOR PROSECUTION BECAUSE POLICE OFFICER FORGOT FIXED PENALTY NOTICES

A motorist who drove the wrong way down a one-way street was recommended for prosecution because a police officer had forgotten his fixed penalty notices, an investigation by the Police Ombudsman’s Office found. The driver said that after being stopped in his car a police officer told him that as he did not have any fixed penalty notices he would be referring the matter for prosecution instead.

When interviewed by a Police Ombudsman investigator, the police officer admitted that he had said this. He also stated that at one stage, after consulting with his supervisor, he had considered charging the man with dangerous driving, before recommending a charge of breaching a traffic sign.

The Public Prosecution Service initially directed that the driver should be prosecuted, but later withdrew the charge and issued a caution instead.

The Police Ombudsman investigator took the view that it was unfair that the motorist was not afforded the opportunity to have this matter dealt with by early disposal and was instead reported for prosecution. The investigator concluded that this came about due to the police officer’s error in not having fixed penalty notices. The investigator recommended that the officer should be disciplined. This has since been implemented by the PSNI.

## Key Aim 1

### Excellence in investigations

Throughout the year we focussed on ensuring that our investigations were characterised by excellence in investigative technique, investigative decision making and in reporting.

Training investment throughout the year sought to bolster the investigative skills of our staff with a number of staff attending training courses in specialist areas such as mobile phone analysis, investigative interviewing and family liaison.

Quality assurance exercises examined and affirmed areas of decision making in investigations and a significant number of investigation reports were issued during the reporting year.

We also sought to ensure that investigations were completed in a timely fashion. The Office completed 73% of non complex investigations in less than 110 days. This exceeded the target of 70% and was achieved despite a reduction in budget and resources.

The Office investigated a number of high profile matters including the death of a man who had been transported to hospital by police and a fatal road traffic collision involving a police vehicle.

Investigations were also commenced into the discharge of 5 AEP rounds during public disorder incidents. Additionally, the Office investigated several allegations that members of the PSNI had disclosed information from police databases to members of the public.

### Case Study

#### OFFICER DISCIPLINED FOR SLAPPING WOMAN'S FACE

**An investigation by the Police Ombudsman's Office resulted in a police officer being disciplined for slapping a woman across the face in the back of a police Land Rover. The incident happened in Dunmurry after the woman was arrested for assaulting police. She said she was sitting on a bench in the back of the Land Rover, handcuffed, when the officer slapped her once across the cheek.**

The woman, who accepted that she was drunk at the time, admitted that she then tried to hit the officer back. A Police Ombudsman investigator interviewed police officers and members of the public who were in the area at the time.

The woman's sister and a member of the public both said they heard the woman shout out about being hit. The driver of the Land Rover said he remembered the woman saying she had been struck. Another officer said he was walking towards the Land Rover and could hear a female screaming. CCTV footage from the police station where the woman was taken recorded the woman making numerous references to being slapped by the officer. The officer denied having slapped the woman, saying he had pushed her onto her seat after she had attacked him.

The Police Ombudsman investigator concluded that there was sufficient evidence, on the balance of probabilities, to support the woman's allegation that she had been slapped by the officer. The PSNI has since disciplined the officer.

The Police Ombudsman's Historic Investigation Directorate was set the target of delivering four 'Complex' and 12 'Other' investigations by the end of the reporting year. The Directorate completed two of the 'complex' investigations while a third such inquiry is subject of consideration by the Director of Public Prosecutions. An interim report in respect of the fourth was presented to the Director of Public Prosecutions and the Chief Constable but could not be finalised due to factors outwith the control of the Police Ombudsman. In addition ten 'other' investigations were completed. The Police Ombudsman will be publicly reporting on a number of these investigations during 2015/16.

The Office carries out regular surveys in order to measure the satisfaction of complainants with the service they receive from the Office. The Office set a challenging target for this measure of 60% being satisfied with the service. This target was not met; 41% of respondents reported that they were satisfied with the service they received.

The satisfaction of complainants is a key issue for the Office and sits alongside a reduction in complaints received about the work of the office and positive indications from both internal and external reviews as to the quality of the work undertaken. The Office intends to review the potential causes of the reduction in complainant satisfaction and take any appropriate steps to improve our performance in this area.

### Case Study

## OFFICERS CLEARED OF ASSAULTING MAN

**A Police Ombudsman investigation has rejected claims that police punched and kicked a man when he was arrested at his home in Enniskillen. The man's family had alleged two officers punched and kicked him and struck him with a baton.**

Police Ombudsman investigators took statements from five civilian witnesses, interviewed the officers involved and reviewed police documentation, including a report from the police doctor who examined the man while in custody.

The evidence from civilian witnesses was found to be inconsistent. Only two of the five witnesses said the man had been punched by a male officer. One mentioned a number of punches to the man's stomach, the other stated there had been a single punch to the face. Descriptions of the actions of a female officer also differed. One witness said the officer had punched the man, while two said they had seen her using her knee against him.

Both officers denied having punched or struck the man, and stated that they had simply restrained and handcuffed him as he had been aggressive and had resisted arrest. Their accounts were supported by medical evidence. There were no marks to the man's neck or face, or any marks to suggest he had been punched, kicked or struck with a baton.

The Police Ombudsman investigator concluded that there was insufficient evidence that the level of force used by officers during the incident was excessive.

The Office sought to increase the number of cases concluded through Informal Resolution (IR). In hindsight the target set of achieving a 25% increase was overly ambitious. The target figure of resolving 208 cases within the year was not met with 159 cases informally resolved in the reporting period. Delivery of the target was impacted upon by mid-year changes in the IR process and also the conclusion of a PSNI 'local resolution' project.

As cited above, the Police Ombudsman commenced a pilot project to successfully 'mediate' a small number of cases using existing legislation. Supporting policy and procedure was drafted and mediation was commenced in a small number of cases. The learning from these cases will inform further recommendations for legislative amendments.

The Office continued to develop and implement a number of important quality assurance measures throughout the year. A new Quality Assurance Model was introduced during the year. In addition to carrying out the dip sampling exercise outlined above, the Police Ombudsman and Chief Executive also examined all of the most serious cases on a bi-monthly basis ensuring that the cases are properly resourced and ensuring lines of enquiry are identified, prioritised and progressed in a timely manner and that appropriate recommendations are made at the conclusion of cases.

Focus was also centred on reducing bureaucracy in complaints. A business process mapping exercise was undertaken in the Current Investigations Directorate which resulted in several recommendations for the reduction of bureaucracy. Further recommendations also arose from the dip sampling exercise carried out by the Ombudsman and Chief Executive.

## Key Aim 2

### Maintain impartiality and independence

The Police Ombudsman set a target of maintaining a level of at least 80% public awareness of the Office, its independence and confidence and that it deals with complaints in an impartial manner. All three targets were achieved.

Public awareness of the office remained high at 90%. Additionally, 83% of those who were aware of the office were also aware of its independence. Of those surveyed 80% were either confident or fairly confident that the Office dealt with complaints in an impartial manner.

The Office held a range of engagements throughout the year to demonstrate and inform both the public and the police as to the work. Thirty six meetings were held within communities and twenty five with the police.

The Office published a Quarterly Statistical report throughout the year and statistical information was also available through the Police Ombudsman website.

In demonstrating the impartiality and independence of the Police Ombudsman, over 50 statements were released through media outlets outlining investigative findings. The Office also engaged with social media platforms including Facebook and Twitter to better inform the public of the work of the Office.

In further enhancing the openness of the Office, the 'Grave or Exceptional' policy document was published on line. The policy underpins decisions about whether to investigate cases outside of the 12 month statutory time limit for investigations.

### Key Aim 3

#### Develop and implement standards for the service we provide

During the previous reporting year the Office developed and implemented a Service Charter (see page 23). The Charter details the way in which staff should deliver services to the public, police officers and each other and reflects our organisational commitment to the values of Independence, Impartiality, Accountability, Respectfulness and Professionalism.

In 2015/16 our surveys of both complainants and the police measured our performance against the benchmark set by the Charter. During the year 78% of complainants reported that they had been treated fairly and 41% of respondents indicated that they were satisfied with the overall service they received.

The survey of police officers found that 89% of police officers stated that they had been treated with respect and 80% stated that they had been treated fairly. However, just under half of the officers who responded to the survey were satisfied with how the Office had handled the investigation overall. Further analysis of these results for both complainants and police officers will be undertaken to inform improvements to the service provided.

During 2015/16, the Office fell marginally short of a target to reduce complaints against the Office. As in previous years many of the complaints were in respect of the outcome of the investigation. Further information on complaints received by the Office is detailed at page 23 below.

### Key Aim 4

#### Focus our efforts on improving policing

We have worked with the Police and Policing Board during the year to better catalogue and track recommendations made by the Police Ombudsman to improve policing and to identify how the recommendations made have impacted on policing in Northern Ireland.

A small group of staff met with counterparts in the PSNI to ensure there is a shared understanding of the recommendations made.

Building on work in previous years, all recommendations from the Police Ombudsman are categorised into one of three categories.

Policy recommendations classified as 'strategic' are considered to be those that affect the entire service or are that may result in fundamental change to policy or practice.

Policy recommendations that are regarded as 'operational' are those that are in respect of matters associated with the day-to-day running of the police service and thirdly 'areas for minor improvement' are matters which require improvement but which are of a minor nature.

In 2015/16 the Police Ombudsman made 57 policy recommendations. Of these 7 were considered to be 'strategic', 36 were 'operational' and 14 areas for minor improvement were identified. Amongst the 'strategic' recommendations were recommendations in relation to the detention of juveniles, investigations undertaken by the PSNI on behalf of the Coroner and the management of violent offenders.

The Police Ombudsman is also represented on the Policy Evaluation Group alongside representatives of the PSNI, the Policing Board, HMIC and CJINI. The purpose of this group is to examine and evaluate the impact on policing of the recommendations made by the various bodies providing oversight of PSNI.

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*“I would like to take this opportunity to thank you very much for your kind and professional manner whilst dealing with me. I thank you for the thorough investigation that you undoubtedly carried out.”*

**Complainant**

### Case Study

## OFFICERS DISCIPLINED OVER FLAWED ENGAGEMENT RING INVESTIGATION

**Two police officers have been disciplined over failings in the investigation into the suspected theft of an engagement ring at a Belfast gym. The owner of the ring complained to the Police Ombudsman’s Office that the police officer investigating its possible theft had failed to seize CCTV footage and had not contacted a potential suspect.**

The woman said she had left the ring sitting on a bench but when she went back to the changing room it had gone. She reported the incident to police, including the description of a possible suspect.

Police Ombudsman investigators established that the investigating police officer did not try to contact the potential suspect until more than five months later. The officer said he had previously asked the gym manager to contact this person, who denied having seen the ring. He said he had tried to contact this person from his work phone, but had not been able to get through.

Police Ombudsman investigators looked at phone records for the officer’s extension, which showed that there had been no such calls prior to the first one he noted more than five months after the incident. The officer also admitted that it was at least seven months after the incident before he tried to contact other potential witnesses.

Enquiries also established that while the officer had watched CCTV footage from the gym, he had not seized the footage.

## Our Values and Service Charter

During the year the Office developed and launched a new and revised set of Values and a Service Charter.

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

### Values

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

- Independent
- Impartial
- Accountable
- Respectful and professional

### Service Charter

The Service Charter derives from our Values.

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

#### Being Independent

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

#### Being Impartial

- *We will treat people with integrity and fairness*

#### Being Accountable

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

#### Being respectful and professional

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

## Measuring success

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

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

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

## Customer Complaints against the Office

During the year we received 51 complaints about the Office. Of the 51 complaints, 48 were from members of the public (of which 2 were from retired police officers), 2 were from serving police officers and 1 was from a police civilian employee.

The Office had set a target of reducing the number of Customer Complaints by 10% in 2015/16 and whilst achieving a reduction in complaints from 55 in 2014/15, which was itself a decrease from 77 in 2013/14, this target was not met.

Forty three (84%) of the complaints were in respect of dissatisfaction with the outcome of the investigation, five (10%) were in respect of the quality of service provided and three (6%) required clarification of how the complaint was handled.

By the end of the year, 26 (51%) of the complaints received during the year were closed; two had been informally resolved, 19 had not been upheld as the investigation outcome had been reaffirmed and 5 resulted in the investigations being reopened. There was one appeal about the closure of a complaint but this appeal was not upheld.

Work undertaken throughout the year has increased organisational understanding of the nature of Customer Complaints and in turn has informed revisions to the process for dealing with Customer Complaints.

“I remain dissatisfied with the findings of your office in finding any reason good or otherwise as to why we were refused help from the PSNI”

**Complainant**

“I am extremely disappointed in your office. I am a law-abiding citizen and I now feel that there is no one or nowhere to turn to with regard to complaining about treatment from the PSNI.”

**Complainant**

The Office has reviewed and refined the previous Customer Complaint Policy and a redrafted policy, with associated guidance to staff, will be introduced early in 2016/17.

The Office will benchmark performance in the handling of Customer Complaints (in respect of timeliness) under the new policy during 2016/2017. Further information on our Customer Complaints policy is available on our website [www.policeombudsman.org](http://www.policeombudsman.org).

## Public Attitudes towards the Office

As part of our programme of continuous improvement, the Office commissions an annual survey of public awareness of the police complaints system.

Results from the 2015/16 survey indicate that public awareness remains at a high level with 90% of respondents being aware of the Police Ombudsman. Of those respondents that had heard of the Police Ombudsman, 83% knew that the Office was independent of the police and 80% were either fairly confident or very confident that complaints are dealt with in an impartial way.

In addition, 86% of respondents believed that the Police Ombudsman would help ensure that police in Northern Ireland do a good job.

## Complainant Satisfaction

The Office surveys complainants to seek comment on how they view the service they received. In the year to 31 March 2016, 41% were satisfied with the service, compared with 50% for the year ended 31 March 2015.

Complainant satisfaction is at levels lower than were previously achieved. We will continue to monitor the level of satisfaction and take what steps we can to improve this measure.

“

*“Thank you for the professionalism and professional courtesy you showed throughout the investigation. I wish you all the best”*

**PSNI Officer**

## 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.

The percentage of officers who felt that they had been treated fairly and with respect were high at 80% and 89% respectively.

Whilst it should be noted that there were other positive messages from the survey in that 90% of officers felt that staff were easy to understand and 77% felt that staff were knowledgeable there is further work to be done to explore the reasons for the levels of dissatisfaction with the service provided.

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*“My husband and I wish to place on record our sincere appreciation to the Police Ombudsman for Northern Ireland and to the team that conducted what we consider to be a thorough investigation into the circumstances surrounding the death of our son. ...In particular we wish to commend [the Family Liaison Officer] ... who was very sympathetic and sensitive in all his dealings with us.”*

**Complainant**

## Equality Monitoring of Complainants

The Office continues to monitor the profile of those who use its services. This is based on age, gender, religious belief, race or ethnic grouping, country of birth, marital status, disability, employment, having dependants, political opinion and sexual orientation.

As in previous years the Office received over twice as many complaints from males as females. Of the complaints received, 18% were made by persons aged 25 and under and just under a quarter were made by persons aged 25 to 34. The community background of complainants reflected the most recent Census. Although there was a slight decrease from the previous year there continues to be a high proportion of complainants who self-reported disability (30%).

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.

## Legal Services

The Legal Directorate deals with legal queries from across the Office including issues of civil litigation, contract, employment, land, public and (predominantly) criminal law. During the year, the Office saw an increase in requests for assistance from the Coroners Service with replies co-ordinated from within the Directorate. This may require further resources to ensure that the Office can meet the expectations of the Coroner and those who engage in inquests.

The Directorate also undertook a review of the organisation's policies and successfully established a central hub of policies relevant to

staff and stakeholders. With ongoing budgetary pressures, it has also become necessary for more in-house training to be developed. This has resulted in the Office legal team providing training on a number of subjects including changes to the PACE Codes of Practice, the National Crime Agency and Disclosure/Discovery of documentation.

## Working with other Police Oversight Bodies

The Police Ombudsman continued to engage and communicate with the policing oversight agencies in the rest of the UK, Northern Ireland and the Republic of Ireland.

### Case Study

#### POLICE DID NOT LACK URGENCY IN RESPONSE TO REPORTED MUGGING

**A Police Ombudsman investigation did not substantiate claims that police lacked urgency in their response to a reported mugging in south Belfast. A woman was left visibly shaken after reporting that a man, possibly armed with a knife, stole £400 from her.**

A local businessman who helped the woman, said a police officer failed to properly assist when told that the suspected attacker was nearby. The businessman explained that he was given a description of the attacker by a witness and then went with a friend to a nearby address where he believed they might find him. They found a man matching the description, and also noticed two police officers standing nearby. The businessman instructed his friend to keep an eye on the suspect while he went to speak to an officer.

He complained that the officer told him he was dealing with another incident, would not go with him to see the suspect and simply advised him to call 999.

Police Ombudsman investigators established that officer had been dealing with a situation in which a man's safety was at risk. The officer told investigators he was aware from radio transmissions that other police units were already on their way to deal with the attack. He said he contacted the police control room to update them with the information about the suspect's location. Police records confirmed this.

The Police Ombudsman investigator concluded that there were no grounds for disciplinary action against any of the officers who dealt with the incident.

The Police Ombudsman sits with representatives from the Garda Síochána Ombudsman Commission, the Independent Police Complaints Commission in England and Wales and the Police Investigations and Review Commissioner for Scotland on the Law Enforcement Oversight Body Accreditation Board. The purpose of the board is to encourage opportunities for shared learning and joint training events in the practices of civilian investigation and oversight of police.

### Engagement work

The Office continued work to help enhance public understanding of the police complaints system during the year. The Office undertook a mixture of online activities and visits to community groups. A total of 36 separate meetings were held with a range of groups, including schools and community organisations, as well as political representatives and international visitors.

In addition, the Office organised an awareness raising event for young people; 'The Open Mind'. The initiative involved a visit to the Office by a small group of Year 12 school pupils from Belfast. During the visit the group were presented with a fictionalised complaint about the conduct of a police officer and asked to put themselves in the shoes of an investigator. They were taken through each step of the investigation process, while being made aware throughout of the value of critical and flexible thinking and the value of keeping an open mind.

The Office carried out two major social media exercises during the year. A Facebook awareness campaign was launched in July/August 2015 aimed specifically at young people; an animated video which explained the work of the Office was produced and sent to the Facebook pages of all

young people in Northern Ireland under the age of 24. The campaign reached 109,000 people, with a total of 69,000 video 'hits'.

On 6th November 2015 the 15th anniversary of the Office was marked by using Twitter to give readers a greater insight into the work of the Office. The posts gave a snapshot of the work done on a typical day by Ombudsman staff. Thirty individual tweets were posted on the day and re-tweeted by followers; the posts were viewed on at least 20,000 separate occasions.

### Media and Statistical work

Independent research indicates that most people in Northern Ireland have heard of the work of the Office and that their main source of information has been material they have heard and read on television, radio and in newspapers. Recognising that the 'traditional' media remains a powerful means of providing people with information, the Office regularly provides outlets with information about our work. Last year the Office issued more than 50 statements, mainly about casework but also about other issues which affect the police complaints system.

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

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

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

### Assembly Questions/Freedom of Information

During the year the Office responded to 13 Assembly Questions. Two of these questions related directly to the functions of the Office and 11 were questions asked more generally of the DoJ and its agencies.

There were also 22 separate requests under the Freedom of Information Act 2000 and nine separate Subject Access Requests under the provisions of the Data Protection Act 1998.

“

*“I explained everything to the investigator but he did nothing but come down on the side of the Police again, which left me thinking it was a waste of time for any member of the public to complain to the Ombudsman from our side.”*

**Complainant**

### Case Study

#### POLICE DID NOT USE EXCESSIVE FORCE ON MAN WITH TODDLER

A Police Ombudsman investigation rejected claims that police used excessive force while responding to a report that a “very drunk” man was wheeling a toddler in a buggy at a Belfast play park. The man claimed police officers had held him on the ground – one kneeling on his back, another standing on his ankles and another holding his legs, until a police van arrived to take him to custody. The man said he was not breathalysed during the incident and had therefore not been given an opportunity to prove he was not intoxicated.

A medical examination found no evidence to support the man’s claims. The Police Ombudsman investigator concluded that the force used by police had been reasonable and proportionate given the man’s behaviour.

### Process Mapping

As part of our ongoing commitment to enhancing efficiency and reducing bureaucracy by better understanding our work, a business process mapping project was undertaken. Utilising the services of a business mapping consultant, the key functions of the Current Investigation Directorate were mapped. A metrics model was also produced to enhance understanding of how to best utilise our resources. Arising from this project several recommendations have been made as to how we might streamline some key processes.

“I found [Investigating Officer] and his colleague who dealt with this complaint fair and very professional.”

**PSNI Officer**

### Leadership Charter

The Office placed considerable focus this year on the qualities and style of leadership within the organisation that would best support organisational performance and the further development of a the culture necessary to achieve the key aims of the Office. To that end a programme of engagement with staff was undertaken and a Leadership Charter has been developed. The new Leadership Charter will be introduced early in the new reporting year.

### Financial Review

The Office, like other parts of the wider public sector has seen a reduction in budgets over recent years. More detail on the long term trend is included regarding this in the Assembly Accountability Report on pages 53 to 54.

The 2015/16 financial year saw a further decrease in our operational budget in real terms. The budget for 2015/16 was initially set at £8,615k which represented a small reduction from the budget of £8,669k in 2014/15. This was however increased by £117k to £8,732k to meet additional employer pension costs levied. Therefore although in cash terms there was a slight budget increase, it represented a like for like decrease in revenue resource. Although this decrease was more modest than in preceding years, the net effect of year on year cuts to funding since 2009/10 presents a clear risk to the operation of the Office.

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 57 and 58 respectively. The Office incurred net expenditure for the year of £8,732,098 (£8,980,986 for year ended 31 March 2015). These amounts include non cash expenditure not included in resource budget figures in the paragraph above.

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

Expenditure	2015/16	2014/15	2013/14
Staff Costs	6,532,185	6,475,189	6,738,350
Other expenditure	1,813,708	2,122,398	2,290,139
Other expenditure – non cash	418,375	691,824	474,424
<b>Total Net Expenditure for the year</b>	<b>8,764,268</b>	<b>9,289,411</b>	<b>9,502,913</b>

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

To that end other expenditure (excluding non cash expenditure) has been reduced from £2.29m in 2013/14 to £1.81m in 2015/16. This has been achieved through a reduction in all areas of non staff spend including cessation of a lease, renegotiated computer maintenance costs and general restrictions on spending on any non essential items. The exception to this is for case related expenditure which has increased marginally.

However, as the majority of the expenditure of the Office is on staff and as the scope to reduce non staff costs has largely been exhausted, there has already been a reduction in staff numbers. An average of 146 full time equivalent (FTE) staff were employed through the year ended 31 March 2016 representing a reduction from 147 for the year ended 31 March 2015 and 151 for the year ended 31 March 2014. Further budget cuts will inevitably lead to further headcount reduction and although the Office is continually seeking to identify ways in which to streamline processes, such a headcount reduction is likely to impact on the timeliness of investigations and increased pressure on staff.

### Financial Position

The total net assets of the Office as at 31 March 2016 were £923,444 (£1,010,542 as at 31 March 2015).

#### 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 £280,000 at 31 March 2016 (£302,000 at 31 March 2015). The open market value of the leasehold interest in New Cathedral Buildings has been valued at £nil at 31 March 2016 (£nil at 31 March 2015). Details of the movement of property plant and equipment are set out in Note 6 to the Accounts.

### Prompt Payments

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

The overall performance to pay within 10 working days for the year ended 31 March 2015 was 99.4% (99.5% for the year ended 31 March 2014). The overall performance to pay within 30 days for the year ended 31 March 2015 was 100% (100% for the year ended 31 March 2014).

### 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, managers encourage sharing of cars and monitor the use of vehicles for business journeys monthly. This contributes to reductions in emissions as well as efficient use of resources.

### Auditors

The Financial Statements are audited by the Comptroller and Auditor General (C&AG) who heads the Northern Ireland Audit Office and is appointed by statute and reports to the Northern Ireland Assembly. His certificate and report are produced on pages 57 and 58.

The audit fee for the work performed by the staff of the C&AG during the reporting period was £11,500 which relates solely to the audit of these financial statements. The audit fee for the year ended 31 March 2015 was £12,700.

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

### In Conclusion

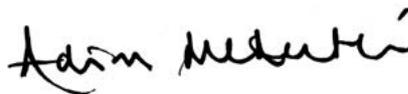
The Police Ombudsman has responded to ongoing financial pressures by refining processes, increasing focus on areas of most impact and by improving productivity. Performance has improved in most areas and is a testament to the hard work of staff across the Office.

The Office can be proud of its performance in providing a service to the public and police of Northern Ireland across a wide range of policing matters. The effective investigation of serious and complex matters relating to historic and contemporaneous policing and more routine policing matters is critical to confidence in both the Office and policing more generally. The Office also can be rightly proud of the performance of its support functions and governance arrangements that have been subject the scrutiny of the internal audit process and found to be robust.

The Office of the Police Ombudsman fulfils an important and often demanding function in Northern Ireland and challenging workloads and timescales are commonplace. Frequently staff are called upon to investigate and resolve matters that are sensitive and complex; that they continue to rise to this challenge is a credit to them all.

In the coming year we will build on our achievements to date and we will continue to develop and learn from the areas where we have not met our own high expectations.

Finally, I place on record my thanks to the Executive Team, who have demonstrated their commitment and unwavering dedication throughout the year and of course to all of the staff in the Office, who continue to meet the responsibility and the privilege of delivering a vitally important service to the people of Northern Ireland with great pride and professionalism.



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

13 June 2016

## Accountability Report

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### Corporate Governance Report

#### Chief Executive's Report

##### Police Ombudsman

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

##### Executive Management

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

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

There were no changes within the Senior Management Team during the financial year.

##### Register of Interests

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

##### Data Handling

I am required to report personal data related incidents which occurred during the year ended 31 March 2016. 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 2016 or in the previous years. Information risk is managed within the Office within the context of the risk management framework to which I refer in my Governance Statement.

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

The Police Ombudsman for Northern Ireland is required, under paragraph 12 of Schedule 3 to the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, to prepare a statement of accounts for each financial year in the form and on the basis directed by the DoJ.

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

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

- observe the accounts direction issued by the Department of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual (FRM) 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.

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

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

## Governance Statement

### 1 Scope of Responsibility

The Office of the Police Ombudsman for Northern Ireland provides an independent impartial police complaints system for the people and police of Northern Ireland. It investigates complaints against the Police Service of Northern Ireland (PSNI), the Belfast Harbour Police, the Larne Harbour Police, the Belfast International Airport Police, the Ministry of Defence Police in Northern Ireland and certain complaints involving Immigration Officers and Designated Customs Officials when operating in Northern Ireland.

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

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

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Police

Ombudsman's policies, aims and objectives as set out in the Annual Business Plan and agreed with the Department of Justice, whilst safeguarding the public funds and the Office's assets for which I am personally responsible.

### 2 Purpose of the Governance Framework

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

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

### 3 Governance Framework

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

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

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

#### The Police Ombudsman

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

#### The Chief Executive, as Accounting Officer

As Chief Executive I have been designated as Accounting Officer for the Office by the Departmental Accounting Officer of the DoJ. As Chief Executive and Accounting Officer I am personally responsible for safeguarding the public

funds for which I have charge and for ensuring the propriety and regularity in the handling of these public funds and for the day to day operations and management of the Office. I am also responsible for ensuring the effective and efficient achievement of the objectives and targets of the Office which are set out in the Annual Business Plan in support of the Police Ombudsman's strategic direction.

#### The Senior Management Team (SMT)

The SMT supports the Police Ombudsman and me, as 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 and Risk Committee

The Police Ombudsman is supported in his role by the Audit and Risk Committee. The Audit and Risk Committee includes two independent external members who chair all Audit and Risk Committee meetings on an alternate basis. Audit and Risk Committee meetings are convened on a quarterly basis and the Police Ombudsman, the Chief Executive and the Director of Corporate Services normally attend each meeting along with a representative from the sponsor Department, the Head of Internal Audit and a representative from the Northern Ireland Audit Office (NIAO) as external auditor.

The Audit and Risk Committee has an established Terms of Reference which was last reviewed and updated in May 2015 and is available on the Office website. The responsibilities of the Audit and Risk

Committee include advising the Police Ombudsman and Chief Executive on the strategic processes for risk, control and governance within the Office. The Audit and Risk Committee has oversight of key governance matters including Whistleblowing, Fraud and Theft, Gifts and Hospitality, Health and Safety and Direct Award Contracts. The Audit and Risk Committee produces an annual report on the effectiveness of the Committee in the discharge of their responsibilities in support of the Police Ombudsman and me as Accounting Officer.

### Internal Audit

The Internal Audit service for the Office for the year to 31 March 2016 was provided by ASM who operate to Public Sector Internal Audit Standards (PSIAS). The Internal Audit work programme for the year was set within a strategic internal audit plan. The plan gives assurance to the Accounting Officer on the effectiveness and efficiency of the operation of key systems and controls in the Office in order to deliver the statutory duties of the Office. On an annual basis the Audit and Risk Committee approves an annual audit plan and considers the adequacy of the management responses to findings and recommendations contained in audit reports. The Head of Internal Audit also produces an Annual Assurance report which provides assurances to me as Accounting Officer as to the effectiveness of the Office's overall systems of control.

### External Audit

The External Auditor of the Office is the Comptroller and Auditor General (C&AG) of the Northern Ireland Audit Office (NIAO). The NIAO undertakes an audit of the financial statements of the Office on an annual basis and provides a certificate for inclusion in the Annual Report and Accounts. The NIAO also provide, on an annual basis, a Report to those Charged with Governance which makes

recommendations where matters have come to the attention of the NIAO during the course of their audit. RSM Northern Ireland has recently been appointed to undertake audit fieldwork on behalf of the NIAO on an outsourced basis, replacing KPMG who undertook this work for the year ended 31 March 2015.

### Governance Arrangements

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

The Corporate Governance Arrangements document (which is available on the Office's website) details the key principles of corporate governance which include openness, integrity and accountability and provides information on the structures, roles and responsibilities which have been established to ensure proper and effective management of the Office's affairs. In the absence of a Board, the role of the non executive members of the Audit and Risk Committee includes the requirement to provide 'constructive challenge', a fresh, objective perspective and new ideas and a safe sounding board for new approaches. In addition non executive Audit and Risk Committee members are responsible for ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency.

The Office operates under a Management Statement and Financial Memorandum (MSFM) with the Department of Justice. The MSFM sets out the broad framework within which the Office operates, subject to the legislation under which the Office was established and is required to comply. The MSFM is supplemented by a Memorandum of Understanding

(MOU) which provides an operating protocol which recognises the operational independence of the Office and also satisfies the rules of accountability and oversight for the effective and efficient use of public resources. The current MSFM and related MOU were agreed in October 2012 and are available on the Office website and in the library of the Northern Ireland Assembly.

As part of the Internal Audit plan of work, the Internal Auditor assesses the Risk Management and Corporate Governance arrangements on a periodic basis. The Internal Auditor carried out an audit in relation to Risk Management and Corporate Governance arrangements within the Office during 2015/16 which provided substantial assurance as to the operation of risk management and corporate governance within the Office.

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

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

### Conflicts of Interest

A standing item of Conflicts of Interest is included at the start of all Audit and Risk Committee and Senior Management Team meeting agendas. Any conflicts of interest declared are managed by the Chair of the relevant meeting and will normally require the withdrawal from the meeting in full or for the relevant part of the meeting by the individual who has declared the conflict.

All such conflicts of interests are recorded in the minutes of the meeting and are forwarded for inclusion in the organisational Conflict of Interest register. In the year to 31 March 2016 one potential conflict of interest was registered by a member of the Audit and Risk Committee following correspondence from NIAO advising of the appointment of RSM Northern Ireland. The member concerned identified that they serve on another Board alongside the Managing Partner of RSM Northern Ireland. Following discussion, the Audit and Risk Committee was satisfied that this did not present a conflict of interest. There were no identified conflicts of interest during the course of the year ended 31 March 2015. There were no conflicts of interest declared in SMT meetings.

## 4 Risk Management and Internal Control

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

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

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

and updates on progress to date. Risks are updated on an iterative basis as changes occur and the register is considered as a standing item as part of the SMT meeting.

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

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

## 5 Review of Effectiveness of the Governance Framework

### Senior Management Team (SMT)

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

<b>Michael Maguire</b> Police Ombudsman	<b>5</b>
<b>Adrian McAlister</b> Chief Executive	<b>6</b>
<b>Brian Doherty</b> Director of Current Investigation	<b>6</b>
<b>Paul Holmes</b> Director of Historic Investigation	<b>5</b>
<b>Olwen Laird</b> Director of Corporate Services	<b>6</b>
<b>Tim Gracey</b> Director of Information	<b>6</b>
<b>Seamus McIlroy</b> Director of Legal Services	<b>6</b>

### Audit and Risk Committee

The Audit and Risk Committee met on five occasions in total across the year, in four quarterly meetings and in an additional meeting held to approve the Annual Report and Accounts for the year ended 31 March 2016.

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

<b>Frank Bryan</b> Non Executive member	<b>5</b>
<b>Bernard Mitchell</b> Non Executive member	<b>5</b>
<b>Michael Maguire</b> Police Ombudsman	<b>4</b>
<b>Adrian McAllister</b> Chief Executive	<b>5</b>
<b>Olwen Laird</b> Director of Corporate Services	<b>5</b>
<b>ASM</b> Internal Auditor	<b>5</b>
<b>DoJ</b> Sponsor Department	<b>5</b>
<b>NIAO</b> External Auditor	<b>2</b>
<b>KPMG</b> External Audit Contractor	<b>2</b>
<b>RSM</b> External Audit Contractor	<b>1</b>

Each financial year the Audit and Risk Committee produces a report on the effectiveness of the Audit and Risk Committee in support of both the Police Ombudsman and me as Accounting Officer.

The report for the year ended 31 March 2016 has confirmed that the Audit and Risk Committee was operated effectively across the financial year.

### Department of Justice sponsor arrangements

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

There were no ministerial directions given during the financial year.

### Risk management

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

There are 3 key risks facing the Office which I consider should be included in the Governance Statement. These include:

- a risk that the budget allocated to the Office is insufficient for the Office to function effectively in the delivery of its statutory duties and that any in-year reduction would further undermine the capability and capacity of the Office to undertake its statutory functions;
- a risk that the Significant Cases Team is not adequately resourced to investigate a portfolio that includes both post 1998 historical enquiries and contemporary critical incidents, resulting in reduced quality of investigations, reputational damage to the organization and legal challenge; and
- a risk that if a new Historic Investigations Unit (HIU) is established under the Stormont House Agreement it could lead to a number of issues including higher staff turnover in the History Directorate, uncertainty and reduced morale for those permanent staff currently working in the History Directorate and reputational damage to the Office.

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

During the financial year, the SMT and Audit and Risk Committee received a wide range of information within an agreed schedule including; the corporate risk register, statistical information on complaints and investigation caseloads, balanced scorecard information in relation to performance against business plan targets, management accounting information and other relevant material. Although there has been no formal assessment of the information provided, the Police Ombudsman, the SMT and the Audit and Risk Committee are satisfied with the quality, accuracy and timeliness of the information received.

## 6 Significant Internal Control Issues

During the course of the financial year the SMT identified 'records management' as an issue that required increased focus and attention across the Office. As part of that focus, the Office requested an internal audit be undertaken. As a consequence, an internal audit was carried out in relation to 'records management' within the Office. Initial field work identified some areas of concern, following which I requested that additional audit days should be devoted to this area to ensure that a more detailed audit could be performed to provide me with a fuller assessment on the effectiveness of controls and procedures in this area.

Records management was also added as a risk to the Corporate Risk Register and work began within the Office to enhance existing internal controls in this area began. The internal audit report in respect of 'records management' was received by the Office in April 2016 by which date significant work had been progressed within the Office to enhance the arrangements and further work will continue through 2016/17. There were no other significant internal control issues identified during the year.

## 7 Accounting Officer Statement on Assurance

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

- the Annual Assurance Report from the Internal auditor which provides an overall assurance rating to me on the basis of work undertaken across a range of internal audit areas. The overall assurance that has been provided to me as Accounting Officer is satisfactory. This satisfactory assurance is drawn from a range of internal audit carried out during the financial year. The areas subject to audit and the assurance level obtained are as follows:
  - Corporate Governance and Risk Management (substantial)
  - Financial Information and Budgetary Management (substantial)
  - Human Resource Management and Training (substantial)
  - Laptops (satisfactory)
  - Records Management (limited)
- the Audit and Risk Committee Annual Report which provides an overall assessment as to the effective functioning of the Audit and Risk Committee.
- the system of risk management within the Office.

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

## Remuneration and Staff Report

### Remuneration Policy

The Police Ombudsman is remunerated in line with judicial salary scales. The Chief Executive is remunerated as a senior civil servant. Judicial and Senior Civil Service (SCS) scales are based on the work and recommendations of the Senior Salaries Review Board (SSRB). The remuneration of senior civil servants in Northern Ireland is approved by the Minister of Finance. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade.

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

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

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

Mr B Doherty was appointed on 3 March 2014 as Director of Investigation on a three year fixed term contract. In recognition of the anticipated end of this contract in March 2017 and due to ongoing uncertainty about the future of Historic investigation matters within the Office, including the potential that these matters will transfer at a future date to a body yet to be established, the contract for Mr Doherty has been extended for a further 18 months until 3 September 2018 to provide for continuity and resilience during this uncertain period.

The Non Executive Members of the Audit and Risk Committee during the financial year were Mr F Bryan and Mr B Mitchell. They were appointed on 1 April 2015 for an initial three year term to 31 March 2018 with an option for a further 2 years to 31 March 2020 at an hourly rate of £60/hr. They replaced the outgoing members of the Audit and Risk Committee, Mr E Gaw and Mrs V Patterson.

The following sections provide details of the remuneration and pension interests of the Police Ombudsman, the Accounting Officer/Chief Executive, members of the Senior Management Team and Non Executive Members of the Audit and Risk Committee.

### Salary and pension entitlements

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

## Remuneration (including salary)

	AUDITED INFORMATION 2015-16				
	Salary (£'000)	Bonus (£'000)	Benefits in kind (to nearest £100)	Pension Benefit (to nearest £1000) <sup>1</sup>	Total (to nearest £1000)
<b>Dr Michael Maguire</b> <i>Police Ombudsman</i>	130 – 135	-	-	56	185 – 190
<b>Adrian McAllister</b> <i>Chief Executive</i>	110 – 115	-	-	44	155 – 160
<b>Paul Holmes</b> <i>Director of Investigation</i>	60 – 65	-	-	14	75 – 80
<b>Brian Doherty</b> <i>Director of Investigation</i>	75 – 80	-	-	27	105 – 110
<b>Olwen Laird</b> <i>Director of Corporate Services</i>	55 – 60	-	-	13	70 – 75
<b>Tim Gracey</b> <i>Director of Information</i>	50 – 55	-	-	12	65 – 70
<b>Seamus McIlroy<sup>2</sup></b> <i>Director of Legal Services</i>	40 – 50	-	-	19	60 – 65
<b>Non Executive Audit and Risk Committee Members</b>					
Frank Bryan	5 – 10	-	-	-	5 – 10
Bernard Mitchell	0 – 5	-	-	-	0 – 5

Police Ombudsman's Total Full Time Equivalent Remuneration	£132,613
Median Total Remuneration	£32,158
Ratio	4.12

- 1 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.
- 2 The salary figure quoted is the salary figure paid to Mr McIlroy for the full year to 31 March 2016, however this period included some unpaid leave. The full time equivalent salary for the year ended 31 March 2016 is £45k - £50k.

## Remuneration (including salary)

	AUDITED INFORMATION 2014-15				
	Salary (£'000)	Bonus (£'000)	Benefits in kind (to nearest £100)	Pension Benefit (to nearest £1000) <sup>1</sup>	Total (to nearest £1000)
<b>Dr Michael Maguire</b> <i>Police Ombudsman</i>	130 – 135	-	-	55	185 – 190
<b>Adrian McAllister</b> <i>Chief Executive</i>	110 – 115	-	-	42	150 – 155
<b>Paul Holmes</b> <i>Director of Investigation</i>	60 – 65	-	-	11	75 – 80
<b>Brian Doherty</b> <i>Director of Investigation</i>	75 – 80	-	-	25	100 – 105
<b>Olwen Laird</b> <i>Director of Corporate Services</i>	55 – 60	-	-	23	80 – 85
<b>Tim Gracey</b> <i>Director of Information</i>	50 – 55	-	-	12	65 – 70
<b>Seamus McIlroy</b> <i>Director of Legal Services</i>	45 – 50	-	-	17	60 – 65
<b>Non Executive Audit and Risk Committee Members</b>					
Frank Bryan	-	-	-	-	-
Bernard Mitchell	-	-	-	-	-
Edward Gaw	0 – 5	-	-	-	0 – 5
Vilma Patterson	0 – 5	-	-	-	0 – 5
Police Ombudsman's Total Full Time Equivalent Remuneration				£132,613	
Median Total Remuneration				£32,082	
Ratio				4.13	

<sup>1</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

### **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. There were no benefits in kind for the year ended 31 March 2016 (nil for the year ended 31 March 2015).

### **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 2016 (nil for the year ended 31 March 2015).

## Pension Entitlements

	AUDITED INFORMATION 2014-15					
	Accrued pension at age as at 31/3/16 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/16 £'000	CETV at 31/3/15 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (Nearest £100)
<b>Dr Michael Maguire</b> <i>Police Ombudsman</i>	25 – 30	2.5 – 5.0	361	295	38	N/A
<b>Adrian McAllister</b> <i>Chief Executive</i>	5 – 10	2.5 – 5.0	107	71	23	N/A
<b>Paul Holmes</b> <i>Director of Investigation</i>	10 – 15 plus lump sum of 35 – 40	0 – 2.5 plus lump sum of 0 – 2.5	249	219	11	N/A
<b>Brian Doherty</b> <i>Director of Investigation</i>	0 – 5	0 – 2.5	31	15	9	N/A
<b>Olwen Laird</b> <i>Director of Corporate Services</i>	20 – 25	0 – 2.5	278	253	2	N/A
<b>Tim Gracey</b> <i>Director of Information</i>	0 – 5 plus lump sum of 10 – 15	0 – 2.5 plus lump sum of 0 – 2.5	95	75	12	N/A
<b>Seamus McIlroy</b> <i>Director of Legal Services</i>	5 – 10	0 – 2.5	51	38	7	N/A
<b>Non Executive Audit and Risk Committee Members</b>						
Frank Bryan	N/A	N/A	N/A	N/A	N/A	N/A
Bernard Mitchell	N/A	N/A	N/A	N/A	N/A	N/A

### 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 the Assembly each year. From April 2011, pensions payable under classic, premium and 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 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within

13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

Increases to public sector pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

Employee contributions for all members for the period covering 1 April 2015 to 31 March 2016 are as follows:

Pay Band – assessed each pay period		Contribution rates – classic members		Contribution rates – classic plus, premium, nuvos and alpha	
From	To	1 April 2015 to 31 March 2016	1 April 2015 to 31 March 2016	1 April 2015 to 31 March 2016	1 April 2015 to 31 March 2016
£0	£15,000.99	3%		4.6%	
£15,001.00	£21,000.99	4.6%		4.6%	
£21,001.00	£47,000.99	5.45%		5.45%	
£47,001.00	£150,000.99	7.35%		7.35%	
£150,001.00 and above		8.05%		8.05%	

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.7% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach 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. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website [www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni](http://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-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 NICS 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. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations (2008) 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. The actuarial factors used to calculate CETV's changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

## Staff Costs

(This section is subject to audit)	2015-16	2014-15
<b>Amounts payable in respect of directly employed staff</b>		
Wages and Salaries	3,998,223	3,975,100
Social Security Costs	311,755	318,320
Employer's pension costs	876,476	788,516
<b>Total direct employee staff costs</b>	<b>5,186,464</b>	<b>5,081,936</b>
Less recoveries of outward secondments	(41,972)	(23,668)
<b>Total net costs</b>	<b>5,144,492</b>	<b>5,058,268</b>
<b>Amounts payable in respect of staff on secondment, agency workers, temporary and contract staff</b>		
	1,387,693	1,416,921
<b>Total Staff costs</b>	<b>6,532,185</b>	<b>6,475,189</b>

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

### Police Ombudsman Remuneration

The Police Ombudsman is remunerated on the Judicial scale 6.1. During the year the Police Ombudsman's total remuneration, including benefits in kind, but excluding pension contributions, was £132,613. His total remuneration during the year ended 31 March 2015 was £132,613.

During the financial year it was identified that an error had been made in June 2013 in relation to the appropriate uplift in the Police Ombudsman's remuneration for the period 1 April 2013 to 31 March 2014.

The Department of Justice had advised that the rate of remuneration be increased to £131,300 whereas this should have been £129,579. This was compounded when pay was approved for the Police Ombudsman for the year 1 April 2014 to 31 March 2015 at a rate of £132,613 where the rate should have been £130,875. These errors were identified when the Office sought to establish the appropriate rate of pay due to the Police Ombudsman with effect from 1 April 2015. The appropriate rate of pay from 1 April 2015 to 31 March 2016 was £132,184, which exceeds the rate of pay that was made to the Ombudsman over this period who was paid at a rate of £132,613. In late March 2016 the circumstances of this overpayment were resolved and a total for the overpayment which had arisen over the period 1 April 2013 to 31 March 2016 was agreed at £3,888. When advised of the error, the Ombudsman undertook to repay this overpayment. An amount of £1,296 per annum will be repaid over the period from 1 April 2016 to 31 March 2019, which equates to the length of period over which the overpayment accrued.

The Police Ombudsman received no benefits in kind during the year nor for year ended 31 March 2015. The Police Ombudsman is a member of the Northern Ireland Civil Service (NICS) Pension arrangements. For the year ended 31 March 2016, £34,877 was payable by the Office in respect of the Police Ombudsman's pension contributions (£33,153 for the year ended 31 March 2015).

### NICS Pension arrangements

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes. The Office of the Police Ombudsman for Northern Ireland is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation

was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowance Resource Accounts as at 31 March 2016.

For the year ended 31 March 2016, employers' contributions of £986,289 were payable to the NICS pension arrangements (£879,181 for the year ended 31 March 2015) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during the year to 31 March 2015. This valuation was used to determine employer contribution rates for the introduction of the new career average earning scheme, alpha, from April 2015. For 2016-17 the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during the year 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 14.7% of pensionable pay (3% to 12.5% for the year ended 31 March 2015). Employers also match employee contributions up to 3% of pensionable pay. Additionally 0.5% of pensionable pay is payable by employers to cover the cost of the future provision of lump sum benefits of death in service and ill health retirements of these employees (0.8% for the year ended 31 March 2015). There were no employer's contributions paid or due to be paid to the appointed stakeholder pension providers during the year (£nil for the year ended 31 March 2015).

## Departure Costs and Compensation Payments

(This section is subject to audit)

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in the full year of departure. Where early retirements are agreed the additional costs are met by the Office and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not reported by the Office. There were no redundancy or other departure costs for the year ended 31 March 2016 (£nil for the year ended 31 March 2015).

## Voluntary Exit Scheme

(This section is subject to audit)

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

## Payments to Past Directors

(This section is subject to audit)

There were no payments made to any former member of the Senior Management Team or former Police Ombudsman for the year ended 31 March 2016 (£nil for the year ended 31 March 2015).

## Off Payroll Payments

(This section is subject to audit)

The Office had no off-payroll engagements during the year to 31 March 2016. None in the financial year ended March 2015.

## Fair Pay Disclosures

(This section is subject to audit)

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

The Police Ombudsman for Northern Ireland is the highest paid official within the Office. No employee of the Office of the Police Ombudsman received remuneration in excess of the Police Ombudsman during either the year ended 31 March 2016 or the year ended 31 March 2015. 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.

Staff in the Office hold a range of posts. The level of remuneration varies according to the post that is held. The range of remuneration on a full time equivalent basis within the Office is £18,946 to £132,613. The median rate of remuneration of staff in the Office is £32,175

The total remuneration of the Police Ombudsman for the year ended 31 March 2016 was £132,613 which was 4.12 times the median remuneration of the workforce of £32,175. The total remuneration for the Police Ombudsman for the year ended 31 March 2015 was £132,613 which was 4.13 times the median remuneration of the workforce of £32,082.

The pay multiple has remained virtually unchanged from 4.13 for the year ended 31 March 2015 to 4.12 for the year ended 31 March 2016. The reason for this is that over the course of the financial year there have not been significant movements in the profile of staff, nor have there been any significant increases in the rate of pay over this period.

## Average number of persons employed

(This section is subject to audit)

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

	2015-16	2014-15
<b>Directly employed permanent Police Ombudsman Staff</b>		
Management and executive	6	6
Administrative and support	26	28
Complaints and Investigation	81	81
<b>Seconded, agency worker, temporary and contract staff</b>		
Management and executive	1	1
Administrative and support	5	5
Complaints and Investigation	27	26
<b>Total Average number of full time equivalent persons</b>	<b>146</b>	<b>147</b>

## Grade of Staff

(This section is subject to audit)

The remuneration of members staff in the Office is set within the Northern Ireland Civil Service (NICS) pay structures. The Directors of Investigation posts in the Office were subject to evaluation in

August 2015 as a result of which one individual moved from SCS payscale 1 (Grade 5) to NICS grade 6. The Chief Executive is on a payscale aligned to the NICS Senior Civil Service payscale 2. The Police Ombudsman is remunerated on the Judicial Scales at judicial scale 6.1.

	2015-16	2014-15
SCS Payscale 2	1	1
SCS Payscale 1	-	1

## Sickness Absence

For the year ended 31 March 2016 the Office set a target not to exceed a sickness absence rate of 4%. This target was not achieved - the rate of sickness absence for the year was 4.26%. This represents an increase in the level of sickness absence in the Office from the 3.87% rate during the year to 31 March 2015.

This increase in sickness absence rate is disappointing as it represents the highest rate in the last 5 years. It is of note that during the year 57 members of staff had no days absence due to sickness; this was the same number as in the previous year. Managers in the Office continue to work closely with staff to ensure that sickness absence is effectively managed and the target of 4% absence has been renewed for the year to 31 March 2016.

Despite the increase in the absence rate to 4.26%, this continues to reflect positively against the most current information available in relation to the rate of sickness absence across the NICS. The most up to date level of sickness absence reported for the NICS was 4.9% for the year ended 31 March 2015.

## Expenditure on Consultancy

The Office incurred £9,900 on consultancy during the year ended 31 March 2016, (£2,208 for the year ended 31 March 2015).

## Developing our people

The Office has developed a Three Year 'People Strategy'. The strategy maintains a focus on developing staff at a time when the funding of learning and development is inevitably under pressure. The coming years will see a focus on developing our leaders and maintaining opportunities across the organisation through

for example coaching, mentoring and continuous professional development and work experiences.

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.

## Training and Development

The skills, competence and performance of all staff underpin the work of the Office, including bringing quality and excellence in the services we provide. Broadening the skills and competencies of staff, at every level in the Office, is fundamental to ensure we have highly competent staff who consistently deliver quality services across all facets of our business.

Through fostering a culture of life-long learning and continuous professional development (CPD), this has been another excellent year for learning and development. We have seen an extensive range of educational, learning and CPD programmes and activities delivered. The diversity of the examples cited demonstrates this. These include; Understanding Mental Health Issues, Holmes Familiarisation, Accredited Investigative Interviewing, Legislation Workshops, E-Learning (Security of Information), Safeguarding Vulnerable Persons, Mindfulness and a variety of CPD Workshops such as; National Crime Agency Awareness, Firearms Awareness, Use of the Blackberry Smartphone, Terrorism and Security Powers, NI Railway Bye-Laws, NI Victim Charter, Analysis within Investigations, Open Source and Intelligence Gathering and Family Liaison.

The Office continued to develop and deliver customised development, and was able to support

a number of newly appointed Trainee Investigation Officers through a complex and multifaceted learning and development programme. All have received 'Accredited Investigator' status which is a significant accomplishment.

We continued to develop our Leadership capabilities, and our leadership development opportunities have also expanded. Through collaboration we have delivered a number of leadership opportunities including; leadership development workshops, leadership coaching, leadership 'professional discussions' and the opportunity for staff to attain leadership accreditation.

### Equal Opportunities/Disabled Persons

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

The Office is committed to ensuring that reasonable adjustments are made for staff who may become disabled to ensure that they can continue to be effectively employed in the Office. It is also committed to making reasonable adjustments for applicants who indicate that they have a disability.

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

### Staff composition

The profile of staff at 1 January 2016 shows that 50.7% are Protestant, 37.7% are Roman Catholic and

11.6% are non-determined. The profile of staff at 1 January 2015 showed that 49.0% were Protestant, 41.1% were Roman Catholic and 9.9% were non-determined.

In relation to gender composition the overall profile of staff at 1 January 2016 also shows that 47.8% were male and 52.2% were female (46.8% were male and 53.2% were female at 1 January 2015). There are 7 members of SMT, 6 of whom were male (86%), 1 was female (14%). There is one member of staff remunerated at SCS scale, the Chief Executive, additionally the Police Ombudsman is remunerated on the Judicial scale. Both the Police Ombudsman and Chief Executive are male.

The most recent Equality Commission Northern Ireland monitored workforce statistics for gender are 47.6% male, 52.4% female and for community background are 52.6% protestant and 47.6% Roman Catholic. The profile of staff in the Office is close to the NI monitored statistics for both gender and community background which demonstrates that the Office has a representative workforce.

### Employee Consultation and Involvement

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

### Health and Safety

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

## Assembly Accountability Report

### Regularity of Expenditure

(This section is subject to audit)

There were no losses or special payments in the year ended 31 March 2016, none for the year ended 31 March 2015.

### Fees and Charges

(This section is subject to audit)

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

### Remote Contingent Liabilities

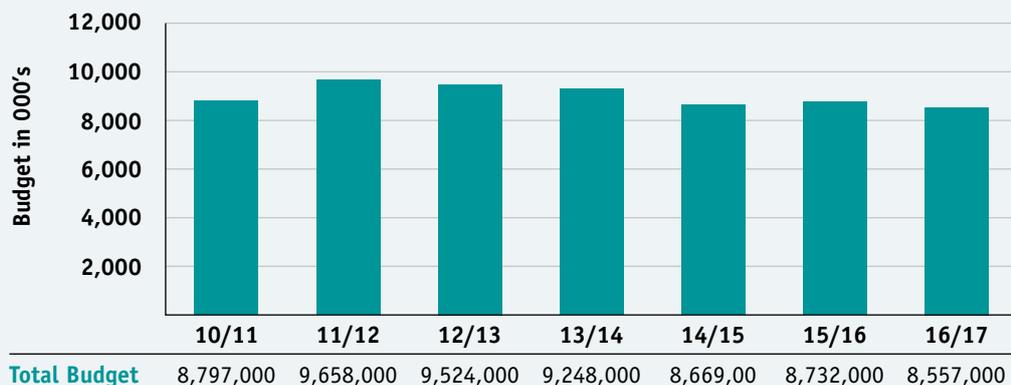
(This section is subject to audit)

In addition to contingent liabilities which are reported in note 15 to the accounts on page 80 within the meaning of IAS 37, the Office is also required to report liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There were no such remote contingent liabilities for the year ended 31 March 2016, none for the year ended 31 March 2015.

### Long Term Expenditure Trends

The Office as a Non Departmental Public Body is financed by public money. Therefore the overall context of reductions to budgets across the public sector as a whole have impacted on the resources available to the Office. The chart below shows the total resource budget available year on year, showing decreases from 2011/12 to 2016/17. However, by reference to 2010/11 the chart appears to suggest that the total budget available to the Office has not been substantially impacted by budget cuts with the total budget available in 2015/16 being £8,732k being marginally less than the £8,797k total available in 2010/11. However focusing on the total budget loses a key trend in the financial trend in the Office.

#### Total Resource Budget from 2011/12 to 2016/17

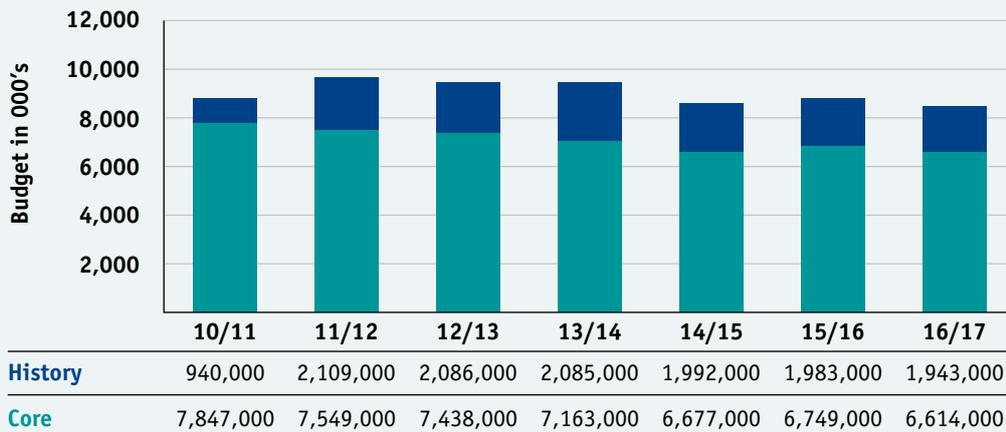


The overall level of resource available is comprised of resources for two distinct areas of work in the Office – those relating to Historical matters dating prior to April 1998 and those relating to current investigations and significant matters from April 1998 onwards. As can be shown in the chart below a significant additional budget was provided for the financial year 2011/12 onwards as additional resources for Historic investigations, although this too has been subject to year on year cuts.

The additional resources for Historic Investigations has had the effect of distorting the the overall budget of the Office.

The chart below shows is that the overall budget for core work in the Office has been steadily decreasing from £7,847k in 2010/11 to £6.749k in 2015/16 – this is a 14% reduction in cash budgets, the impact of which is greater in real terms due to inflationary rises over the period.

### Resource Budget from 2011/12 to 2016/17



The Office budget for 2016/17 has been set at £8,557k which represents a 2% reduction from the level of resource available in 2015/16. However, it should be noted that there has been an increase in employer’s national insurance contributions with effect from 1 April 2016. This will affect all organisations, but the effect of this to the Office means that the overall budget cut in real terms is more like 3.5% as these additional costs will have to be borne from existing budgets along with ongoing inflationary pressures.

As reported in the Remuneration and Staff Report above, over the last number of years, the Office has sought to minimise the impact of budget cuts on headcount, however, there has inevitably been a reduction in staff in post over the years. Further budget cuts will inevitably lead to further headcount reduction which is likely to impact on the timeliness of investigations and increased pressure on staff.

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Whereas the Office accepts a need for a degree of realism about the state of public finances, there are two key areas in which the Police Ombudsman has had significant concerns about the impact of lack of resources on the work of the Office. These are in relation to the level of resources available to conduct Historic Investigations pending any transfer of this work to a new HIU, and also the resources available to the Office to investigate particular significant cases post April 1998. The Office has submitted two business cases to the Department of Justice requesting that additional resources be made available to the Office in order to progress these matters in a timely manner. The Office awaits the outcome of considerations by the Department in relation to these business cases.



**Adrian McAllister**

**Chief Executive**

13 June 2016

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

I certify that I have audited the financial statements of the Police Ombudsman for Northern Ireland for the year ended 31 March 2016 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 Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report and Staff Report and the Assembly Accountability disclosures that are 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 Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the Financial Statements 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 Police Ombudsman for Northern Ireland's affairs as at 31 March 2016 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 and Staff Report and Assembly Accountability disclosures to be audited have been properly prepared in accordance with the Department of Justice directions made under the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010; and
- the information given in the Performance and Accountability Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

20 June 2016

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

	Note	2015-16 £	Restated 2014-15 £
<b>Expenditure</b>			
Staff costs	4	6,532,185	6,475,189
Depreciation/amortisation	5	348,266	640,646
Provision expense	5	70,109	51,178
Other operating expenditure	5	1,813,708	2,122,398
<b>Net operating expenditure</b>		<b>8,764,268</b>	<b>9,289,411</b>
<b>Other Comprehensive Net Expenditure</b>			
Items that will not be reclassified to net operating costs:			
Net (gain) on revaluation of Property Plant and Equipment	6	(36,466)	(309,151)
Net loss on revaluation of Intangibles	7	4,296	726
<b>Total Comprehensive Net Expenditure for the year</b>		<b>8,732,098</b>	<b>8,980,986</b>

The notes on the pages 63 to 82 form part of these accounts

The financial statements for 2014-15 have been restated as a result of a prior period error, the details of which are disclosed in Note 18.

## Statement of Financial Position as at 31 March 2016

	Note	As at 31 March 2016 £	Restated as at 31 March 2015 £	Restated as at 1 April 2014 £
<b>Non-current assets:</b>				
Property, plant & equipment	6	614,528	692,100	728,164
Intangible assets	7	446,053	631,290	828,698
Trade and other receivables	8	4,243	5,469	15,515
<b>Total non-current assets</b>		<b>1,064,824</b>	<b>1,328,859</b>	<b>1,572,377</b>
<b>Current assets:</b>				
Trade and other receivables	8	219,993	224,967	108,561
Cash and cash equivalents	9	153,428	188,289	189,291
<b>Total current assets</b>		<b>373,421</b>	<b>413,256</b>	<b>297,852</b>
<b>Total assets</b>		<b>1,438,245</b>	<b>1,742,115</b>	<b>1,870,229</b>
<b>Current liabilities:</b>				
Trade and other payables	10	(478,301)	(665,073)	(585,701)
<b>Total current liabilities</b>		<b>(478,301)</b>	<b>(665,073)</b>	<b>(585,701)</b>
<b>Total assets less current liabilities</b>		<b>959,944</b>	<b>1,077,042</b>	<b>1,284,528</b>
<b>Non current liabilities:</b>				
Provisions	11	(36,500)	(66,500)	(74,000)
<b>Total non-current liabilities</b>		<b>(36,500)</b>	<b>(66,500)</b>	<b>(74,000)</b>
<b>Total assets less liabilities</b>		<b>923,444</b>	<b>1,010,542</b>	<b>1,210,528</b>
<b>Taxpayers' equity and other reserves:</b>				
General reserve	18	168,573	287,841	796,252
Revaluation reserve	18	754,871	722,701	414,276
<b>Total equity</b>		<b>923,444</b>	<b>1,010,542</b>	<b>1,210,528</b>

The notes on the pages 63 to 82 form part of these accounts

The financial statements for 2014-15 have been restated as a result of a prior period error, the details of which are disclosed in Note 18.

The financial statements on pages 59 to 82 were approved and authorised for issue by:



**Adrian McAllister**

Chief Executive

13 June 2016

## Statement of Cash Flows as at 31 March 2016

	Note	2015-16 £	Restated 2014-15 £
<b>Cash flows from operating activities</b>			
Net Operating Expenditure for the year		(8,764,268)	(9,289,411)
Adjustments for non-cash transactions	5	424,176	692,330
Decrease/(increase) in trade and other receivables	8	6,200	(106,360)
(Decrease)/increase in trade payables	10	(186,772)	79,372
Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	6,7	28,081	(28,081)
Use of provisions	11	(100,109)	(58,678)
<b>Net cash outflow from operating activities</b>		<b>(8,592,692)</b>	<b>(8,710,828)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(60,562)	(52,195)
Purchase of intangible assets	7	(26,607)	(18,979)
<b>Net cash outflow from investing activities</b>		<b>(87,169)</b>	<b>(71,174)</b>
<b>Cash flows from financing activities</b>			
Grant-in-Aid to fund resource expenditure		8,585,000	8,671,000
Grant-in-Aid to fund capital expenditure		60,000	110,000
<b>Net financing</b>		<b>8,645,000</b>	<b>8,781,000</b>
<b>Net (decrease) in cash and cash equivalents in the period</b>	9	<b>(34,861)</b>	<b>(1,002)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>188,289</b>	<b>189,291</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>153,428</b>	<b>188,289</b>

The notes on the pages 63 to 82 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

	Note	Restated General Reserve £	Restated Revaluation Reserve £	Restated Taxpayers' Equity £
<b>Balance at 1 April 2014</b>		<b>889,421</b>	<b>321,107</b>	<b>1,210,528</b>
Transfer between reserves - Prior period error 2012-13 & 2013-14	18	<b>(93,169)</b>	<b>93,169</b>	<b>0</b>
<b>Restated balance at 1 April 2014</b>		<b>796,252</b>	<b>414,276</b>	<b>1,210,528</b>
<b>Changes in Taxpayers' Equity for 2014-15</b>				
Grant-in-Aid to fund resource expenditure		8,671,000	-	<b>8,671,000</b>
Grant-in-Aid to fund capital expenditure		110,000	-	<b>110,000</b>
Comprehensive expenditure for the year		(9,289,411)	-	<b>(9,289,411)</b>
Revaluation gain on items of property, plant and equipment	6	-	309,151	<b>309,151</b>
Revaluation loss on intangible assets (CHS)	7	-	(726)	<b>(726)</b>
<b>Balance at 31 March 2015 restated</b>		<b>287,841</b>	<b>722,701</b>	<b>1,010,542</b>
<b>Changes in Taxpayers' Equity for 2015-16</b>				
Grant-in-Aid to fund resource expenditure		8,585,000	-	8,585,000
Grant-in-Aid to fund capital expenditure		60,000	-	60,000
Comprehensive expenditure for the year		(8,764,268)	-	(8,764,268)
Revaluation gain on items of property, plant and equipment	6	-	36,466	36,466
Revaluation loss on intangible assets (CHS)	7	-	(4,296)	(4,296)
<b>Balance at 31 March 2016</b>		<b>168,573</b>	<b>754,871</b>	<b>923,444</b>

The notes on the pages 63 to 82 form part of these accounts.

The financial statements for 2014-15 have been restated as a result of a prior period error, the details of which are disclosed in Note 18.

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

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

## Notes to the Accounts

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### 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the Accounts Direction issued by the Department of Justice and in line with the 2015-16 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 2016 by Grant-in-Aid from the Department of Justice, request for resources A. All Grant-in-Aid received, which is used to finance activities and expenditure that support the statutory and other objectives of the Office, is treated as financing credited to the General Reserve, because it is regarded as contributions from a controlling party. Grant-in-Aid received towards the purchase of items of property, plant and equipment or intangible assets is also credited directly to the General Reserve.

#### 1.3 Value Added Tax

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

#### 1.4 Property, plant and equipment

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

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

Leasehold improvement expenditure has been capitalised and is restated at current cost using professional valuations. Valuations are carried out each year by professional external valuers, employed by the Land and Property Services (Valuations), in accordance with the Appraisal and Valuation Manual prepared and published by the Royal Institution of Chartered Surveyors, as at 31 March. The initial lease term expired on 16 March 2015. Approval has been received from DFP to extend the lease until 30 June 2020.

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

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

Property, plant and equipment is reviewed annually for impairment.

## 1.5 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:

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

## 1.6 Intangible assets

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

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

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

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

## 1.7 Pension costs

Past and present employees are covered by the Northern Ireland Civil Service (NICS) Pension arrangements which are described in the Remuneration and Staff Report on pages 41 to 53. The defined benefit elements of the schemes are unfunded. The organisation recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Northern Ireland Civil Service Pension of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Northern Ireland Civil Service Pension. In respect of the defined contribution elements of the schemes, the organisation recognises the contributions payable for the year.

## 1.8 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.

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## 1.12 Employee benefits

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

## 1.13 Critical accounting estimates and key judgements

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

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

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

### 2. Amortisation of intangible assets

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

### 3. Provisions

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

## 1.14 Accounting standards, interpretations and amendments to published standards and FReMs

### Update on 2014-15 position:

Standard	Comments
<i>IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities</i>	<p>The International Accounting Standards Board (IASB) has issued new and amended Standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These Standards are effective with EU adoption from 1 January 2014.</p> <p>Accounting boundaries for IFRS purposes are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by HM Treasury. A similar review in Northern Ireland (NI), which will bring NI departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may change as a result of the new Standards</p>

### Issued and effective in 2015-16 for the first time:

Standard	Comments
<i>IFRS 13 - Fair Value Measurement (new)</i>	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise). The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p> <p>Although IFRS 13 is applied without adaptation, IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.</p> <p>IAS 16 is adapted to specify the valuation bases for assets which are held for their service potential (i.e. operational assets) and assets which were most recently held for their service potential but are surplus.</p> <p>IAS 38 has been adapted for the public sector dependent on whether or not an active (homogeneous) market exists.</p>

The Office of the Police Ombudsman for Northern Ireland has reviewed the remaining standards, interpretations and amendments to published standards and FReM that became effective during 2015-16. The adoption of these standards are either not relevant to the Office's operations or have not had a significant impact on its financial position or results.

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

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 2016 or later periods, but which the Office has not adopted early. Other than as outlined below, the Office considers that these standards are not relevant or material to its operations.

<b>Standard</b>	IFRS 16 - Leases (IAS 17 Leases replacement) (new)
<b>Description of revision</b>	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p>
<b>Effective date</b>	1 January 2019 (not yet EU adopted) - with a view to include in the 2019-20 FReM.
<b>Comments</b>	The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.

### 1.16 Financial reporting - future developments

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

## 2. Financial Targets

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

## 3. Analysis of Net Operating Expenditure by Segment

	Core Investigations £	Historic Investigations £	Total £
<b>Operating expenditure 2015-16</b>	<b>6,965,819</b>	<b>1,798,449</b>	<b>8,764,268</b>
Operating expenditure 2014-15 (Restated)	7,230,094	2,059,317	9,289,411

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 Costs

	2015-16 £	2014-15 £
<b>Amounts payable in respect of directly employed staff</b>		
Wages and salaries	3,998,233	3,975,100
Social security costs	311,755	318,320
Employer's pension contributions	876,476	788,516
<b>Total direct employee staff costs</b>	<b>5,186,464</b>	<b>5,081,936</b>
Less recoveries in respect of outward secondments	(41,972)	(23,668)
<b>Total staff costs</b>	<b>5,144,492</b>	<b>5,058,268</b>
<b>Amounts payable in respect of staff on secondment, agency/temporary staff and contract staff</b>	<b>1,387,693</b>	<b>1,416,921</b>
<b>Total staff costs</b>	<b>6,532,185</b>	<b>6,475,189</b>

Further details on staff costs can be found in the Staff Report on page 48 of the Accountability Report.

## 5. Other Expenditure

	Note	£	2015-16 £	£	Restated 2014-15 £
Travel and subsistence		94,709		107,538	
Training, recruitment and other personnel costs		340,926		503,984	
Rates, maintenance, electricity and other accommodation costs		407,168		454,792	
Consultancy		9,900		2,208	
Legal costs & internal audit		13,397		16,035	
Information and media		64,996		75,708	
Printing, stationery, postage and office equipment		84,676		84,222	
Direct case investigation costs		61,742		73,561	
Computer support including maintenance and telecommunications		378,004		420,905	
Other costs		42,121		59,851	
Operating leases - buildings		282,000		282,000	
Operating leases - other (photocopiers & car leases)		16,768		28,388	
Auditors remuneration and expenses		11,500		12,700	
			1,807,907		2,121,892
<b>Non cash items:</b>					
Provisions - provided in year	11	84,486		84,440	
Provisions - released in year not required	11	(14,377)		(33,262)	
Depreciation and amortisation of assets:					
Property, plant and equipment	6	151,699		418,389	
Intangible assets	7	196,567		222,257	
Revaluation of assets - losses/(gains):					
Property, plant and equipment	6	1,681		241	
Intangible assets	7	1,455		265	
Disposals of assets - write-off:					
Intangible assets - software licences	7	2,665		0	
			424,176		692,330
<b>Total expenditure</b>			<b>2,232,083</b>		<b>2,814,222</b>

## 6. Property, Plant and Equipment

2015-16	Buildings, leasehold improvements £	Furniture & fittings £	Information technology £	Total £
<b>Cost or valuation</b>				
At 1 April 2015	302,000	478,377	942,400	1,722,777
Additions	0	24,928	14,414	39,342
Revaluations	(22,000)	3,519	(5,767)	(24,248)
Disposals	0	(1,613)	(163,331)	(164,944)
<b>At 31 March 2016</b>	<b>280,000</b>	<b>505,211</b>	<b>787,716</b>	<b>1,572,927</b>
<b>Depreciation</b>				
At 1 April 2015	0	364,716	665,961	1,030,677
Charged in year	57,524	22,095	72,080	151,699
Revaluations/Back log	(57,524)	2,577	(4,086)	(59,033)
Disposals	0	(1,613)	(163,331)	(164,944)
<b>At 31 March 2016</b>	<b>0</b>	<b>387,775</b>	<b>570,624</b>	<b>958,399</b>
<b>Net book value at 31 March 2016</b>	<b>280,000</b>	<b>117,436</b>	<b>217,092</b>	<b>614,528</b>
Net book value at 31 March 2015	302,000	113,661	276,439	692,100

## 6. Property, Plant and Equipment *(continued)*

2014-15	Buildings, leasehold improvements £	Furniture & fittings £	Information technology £	Total £
<b>Cost or valuation</b>				
At 1 April 2014	320,000	418,948	1,032,832	1,771,780
Additions	(6,460)	56,489	23,386	73,415
Revaluations	(11,540)	2,940	(959)	(9,559)
Disposals	0	0	(112,859)	(112,859)
<b>At 31 March 2015</b>	<b>302,000</b>	<b>478,377</b>	<b>942,400</b>	<b>1,722,777</b>
<b>Depreciation</b>				
At 1 April 2014	0	341,182	702,434	1,043,616
Charged in year	320,000	21,285	77,104	418,389
Revaluations/Back log	(320,000)	2,249	(718)	(318,469)
Disposals	0	0	(112,859)	(112,859)
<b>At 31 March 2015</b>	<b>0</b>	<b>364,716</b>	<b>665,961</b>	<b>1,030,677</b>
<b>Net book value at 31 March 2015</b>	<b>302,000</b>	<b>113,661</b>	<b>276,439</b>	<b>692,100</b>
Net book value at 31 March 2014	320,000	77,766	330,398	728,164

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

IAS 16 and IFRS 13 both require measurement at fair value. Management considers open market value to be the best available estimate of fair value. Leasehold improvements have been valued by the Land and Property Services (Valuations) on the existing use basis at £280,000 as at 31 March 2016 (£302,000 as at 31 March 2015). The open market valuation at that date was £nil (£nil at 31 March 2015).

## 6. Property, Plant and Equipment *(continued)*

All other assets were re-valued on the basis of the latest available indices, as at 31 March 2016. This has resulted in an overall decrease in valuation of £34,785 as at 31 March 2016, which has been analysed below.

Analysis of property, plant and equipment revaluations	2015-16		Restated 2014-15	
	Revaluation Reserve £	Comprehensive Expenditure Account £	Revaluation Reserve £	Comprehensive Expenditure Account £
Buildings - leasehold improvements	35,524	0	308,460	0
Fixtures & fittings	942	0	691	0
Information technology	0	(1,681)	0	(241)
	<b>36,466</b>	<b>(1,681)</b>	<b>309,151</b>	<b>(241)</b>

Analysis of property, plant and equipment payments	Note	2015-16 £	2014-15 £
Property, plant and equipment additions		39,342	73,415
Decrease/(Increase) in accruals related to property, plant & equipment	10	21,220	(21,220)
Total cash payments for property, plant and equipment		<b>60,562</b>	<b>52,195</b>

## 7. Intangible Assets

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

2015-16	Information technology, case handling system £	Software licences £	Total £
<b>Cost or valuation</b>			
At 1 April 2015	1,547,261	529,861	2,077,122
Additions	3,990	15,756	19,746
Revaluations	(9,443)	(3,240)	(12,683)
Disposals	0	(20,095)	(20,095)
<b>At 31 March 2016</b>	<b>1,541,808</b>	<b>522,282</b>	<b>2,064,090</b>
<b>Amortisation</b>			
At 1 April 2015	1,154,953	290,879	1,445,832
Charged in year	147,088	49,479	196,567
Revaluation/Back log	(5,147)	(1,785)	(6,932)
Disposals	0	(17,430)	(17,430)
<b>At 31 March 2016</b>	<b>1,296,894</b>	<b>321,143</b>	<b>1,618,037</b>
<b>Net book value at 31 March 2016</b>	<b>244,914</b>	<b>201,139</b>	<b>446,053</b>
Net book value at 31 March 2015	392,308	238,982	631,290

## 7. Intangible Assets (continued)

2014-15	Information technology, case handling system £	Software licences £	Total £
<b>Cost or valuation</b>			
At 1 April 2014	1,539,965	525,377	2,065,342
Additions	8,859	16,981	25,840
Revaluations	(1,563)	(525)	(2,088)
Disposals	0	(11,972)	(11,972)
<b>At 31 March 2015</b>	<b>1,547,261</b>	<b>529,861</b>	<b>2,077,122</b>
<b>Amortisation</b>			
At 1 April 2014	981,792	254,852	1,236,644
Charged in year	173,998	48,259	222,257
Revaluations/Back log	(837)	(260)	(1,097)
Disposals	0	(11,972)	(11,972)
<b>At 31 March 2015</b>	<b>1,154,953</b>	<b>290,879</b>	<b>1,445,832</b>
<b>Net book value at 31 March 2015</b>	<b>392,308</b>	<b>238,982</b>	<b>631,290</b>
Net book value at 31 March 2014	558,173	270,525	828,698

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 2016. This has resulted in a decrease in valuation of £5,751 at 31 March 2016, which has been analysed below.

## 7. Intangible Assets (continued)

Analysis of intangible revaluations	2015-16		2014-15	
	Revaluation Reserve	Comprehensive Expenditure Account £	Revaluation Reserve £	Comprehensive Expenditure Account £
Information technology (case handling system)	(4,296)	0	(726)	0
Software licences	0	(1,455)	0	(265)
	<u>(4,296)</u>	<u>(1,455)</u>	<u>(726)</u>	<u>(265)</u>

Analysis of intangibles payments	Note	2015-16 £	2014-15 £
Intangibles additions		19,746	25,840
Decrease/(Increase) in accruals related to intangibles	10	6,861	(6,861)
Total cash payments for intangibles		<u>26,607</u>	<u>18,979</u>

## 8. Trade Receivables and Other Current Assets

	2015-16 £	2014-15 £	2013-14 £
<b>Amounts falling due within one year:</b>			
Deposits and advances	1,379	1,065	2,996
Prepayments and accrued income	<u>218,614</u>	<u>223,902</u>	<u>105,565</u>
	<b>219,993</b>	<b>224,967</b>	<b>108,561</b>
<b>Amounts falling due after more than one year:</b>			
Prepayments and accrued income	<u>4,243</u>	<u>5,469</u>	<u>15,515</u>
<b>Total</b>	<b>224,236</b>	<b>230,436</b>	<b>124,076</b>

## 9. Cash and cash Equivalents

	2015-16 £	2014-15 £
Balance as at 1 April	188,289	189,291
Net changes in cash and cash equivalents	(34,681)	(1,002)
<b>Balance at 31 March</b>	<b>153,428</b>	<b>188,289</b>
The following balances were held at:		
Commercial banks and cash in hand	153,428	188,289
<b>Balance at 31 March</b>	<b>153,428</b>	<b>188,289</b>

## 10. Trade Payables and Other Current Liabilities

	2015-16 £	2014-15 £	2013-14 £
<b>Amounts falling due within one year:</b>			
Trade payables	0	54,265	125,490
Other taxation and social security	0	4,733	5,850
Employee benefit accrual	148,376	144,271	168,936
Accruals and deferred income	329,925	461,804	285,425
<b>Total</b>	<b>478,301</b>	<b>665,073</b>	<b>585,701</b>

Trade payables include a nil amount for capital creditors/accruals (£21,220 for items of property, plant and equipment and £6,861 for items of intangible assets 2014-15).

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

## 11. Provisions for Liabilities and Charges

	2015-16	2014-15
	£	£
Balance at 1 April	66,500	74,000
Provided in the year	84,486	84,440
Provisions not required written back	(14,377)	(33,262)
Provisions utilised in the year	(100,109)	(58,678)
<b>Balance at 31 March</b>	<b>36,500</b>	<b>66,500</b>

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

At 31 March 2016 the Office had nine ongoing cases with an overall provision of £36,500. The provision which has been calculated in respect of these matters is £18,000 for four Judicial Reviews and £12,500 for three civil actions and £6,000 for two employment matters. For eight of these cases the provision relates to the legal costs to be incurred in defending these matters. For the one remaining case the provision relates to an estimate of damages and legal fees where it is considered that there is a risk that the Office may not successfully defend these matters. At 31 March 2015 the provision of £66,500 was in respect of one Judicial Review, four Civil Actions and one employment matter.

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

## 12. Capital Commitments

As at 31 March 2016 the Office of the Police Ombudsman for Northern Ireland had no contracted capital commitments (£3,656 as at 31 March 2015).

### 13. Commitments under leases

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

	2015-16 £	2014-15 £
<b>Obligations under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	282,000	0
Later than one year and not later than five years	916,500	0
Later than five years	0	0
<b>Other:</b>		
Not later than one year	12,841	4,053
Later than one year and not later than five years	12,630	242
Later than five years	0	0
<b>Total</b>	<b>1,223,971</b>	<b>4,295</b>

The Office leases its current office accommodation under a lease whose initial period expired on 16 March 2015. The Office has exercised an option to extend this lease and an extension for a further 5 years was approved by DFP in June 2015. The extended lease is due to expire on 30 June 2020.

### 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 2016 the Office of the Police Ombudsman for Northern Ireland had nine cases which it has provided for, including one that it anticipates it may not successfully defend. In the unlikely event that the Office should lose the cases currently provided for, and an additional twelve cases for which no provision has been made, the estimate of maximum damages and further legal costs that could arise is £548,500 (31 March 2015: £482,000 estimate of maximum damages/legal fees in respect of three cases).

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## 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 2016.

The Department of Justice is regarded as a related party. During the year the Office of the Police Ombudsman for Northern Ireland has had various material transactions with the Department and with two other entities for which the Department of Justice is regarded as the parent Department, namely Forensic Science Northern Ireland and the Prisoner Ombudsman for 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 sponsoring Department prior to entering into borrowing arrangements. The Office has no current borrowing. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Office in undertaking its activities. The majority of financial instruments relate to contracts to buy non-financial items in line with expected purchase and usage requirements and the Office is therefore exposed to little credit, liquidity or market risk.

## 18. Prior Period Errors

A prior period error was discovered in respect of the treatment of revaluation gains relating to the Office's leasehold improvements. These gains were incorrectly credited to the Statement of Comprehensive Expenditure to off-set previous losses, however these losses had become fully utilised during 2012-13 and the gains should have been credited directly to the Revaluation Reserve.

The quantum of the error relating to the relevant accounting periods is noted below:

2012-13 - £21,084 of revaluation gain should have been credited to the Revaluation Reserve (previous losses became fully utilised in year)

2013-14 - £72,085 revaluation gain should have been credited directly to the Revaluation Reserve and not to the SOCNE

2014-15 - £308,460 revaluation gain should have been credited directly to the Revaluation Reserve and not to the SOCNE

The adjustment for the errors arising in 2012-13 and 2013-14 have been corrected by amending the opening balances of the Revaluation Reserve and the General Reserve at 1 April 2014, as shown in the Statement of Changes Taxpayers' Equity.

**Restatements to the 2014-15 financial statements are noted below:**

		Original £	Adjustment £	Restated £
<b>Statement of Comprehensive Net Expenditure</b>	Other operating expenditure	1,813,938	308,460	2,122,398
	Net (gain) on revaluation of Property Plant	(691)	(308,460)	(309,151)
<b>Statement of Financial Position</b>	Taxpayers' equity and other reserves:			
	General Reserve	689,470	(401,629)	287,841
	Revaluation Reserve	321,072	401,629	722,701
<b>Statement of Cash Flows</b>	Cash flows from operating activities:			
	Net expenditure for the year	(8,980,951)	(308,460)	(9,289,411)
	Adjustment for non cash transactions	383,870	308,460	692,330
<b>Statement of Changes in Taxpayers' Equity</b>	Transfer between reserves - Prior period error 12/13 & 13/14:			
	Revaluation Reserve	0	93,169	93,169
	General Reserve	0	(93,169)	(93,169)
	Restated balance at 1 April 2014:			
	Revaluation Reserve	321,107	93,169	414,276
	General Reserve	889,421	(93,169)	796,252
	Changes in Taxpayers' Equity for 2014-15:			
	Comprehensive expenditure for the year			
	Revaluation gain on property, plant and equipment	(8,980,951)	(308,460)	(9,289,411)
		691	308,460	309,151
<b>Note 3</b>	Comprehensive expenditure 2014-15:			
	Core Investigations	6,921,634	308,460	7,230,094
	Total expenditure	8,980,951	308,460	9,289,411
<b>Note 5</b>	Non cash items:			
	Revaluation (gains) of Property, Plant and Equipment	(308,219)	308,460	241

## 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 20 June 2016.

## Making a Complaint

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

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

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

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

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

Tel: **028 9082 8600**

Fax: **028 9082 8615**

Textphone: **028 9082 8756**

Email: **info@policeombudsman.org**

Web: **www.policeombudsman.org**

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

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

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

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

Full details of the Office's Customer Complaints Policy are available on the Police Ombudsman's web site [www.policeombudsman.org](http://www.policeombudsman.org)







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