

# Annual Report & Accounts

For the year ended  
31 March 2015

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

# Police Ombudsman for Northern Ireland

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## **ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015**

*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 2015

## Glossary of Abbreviations

|           |  |
|-----------|--|
| C&AG      | Comptroller and Auditor General                          |
| CARE      | Career Average Related Earnings                          |
| CCTV      | Closed Circuit Television                                |
| CETV      | Cash Equivalent Transfer Value                           |
| CHS       | Case Handling System                                     |
| CJI       | Criminal Justice Inspection Northern Ireland             |
| CPI       | Consumer Prices Index                                    |
| CSP       | Civil Service Pensions                                   |
| DFP       | Department of Finance and Personnel                      |
| DOJ       | Department of Justice                                    |
| ECHR      | European Convention on Human Rights                      |
| FReM      | Financial Reporting Manual                               |
| FTE       | Full Time Equivalent                                     |
| HIU       | Historic Investigations Unit                             |
| IAS       | International Accounting Standards                       |
| IASB      | International Accounting Standards Board                 |
| ICT       | Information and Communication Technology                 |
| IFRS      | International Financial Reporting Standard               |
| IiP       | Investors in People                                      |
| 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                 |
| PCSPS(NI) | Principal Civil Service Pension Scheme(Northern Ireland) |
| PSIAS     | Public Sector Internal Audit Service                     |
| PSNI      | Police Service of Northern Ireland                       |
| RPI       | Retail Prices Index                                      |
| SCS       | Senior Civil Service                                     |
| SMT       | Senior Management Team                                   |
| VAT       | Value Added Tax  |

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## Foreword by the Police Ombudsman

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The business year 2014/15 was a year which saw tremendous threats to what we have achieved in Northern Ireland - an independent police complaints system which is the envy of many countries. For those of us who work in it, and for those of you who believe in it, it was a year when we had to stand firm in difficult situations.

Yet, throughout the year, whatever the challenges, my staff continued to deliver a service to you in the community, whether you are a member of the public or of the police service. Their work, in providing an independent police complaints system, has been a central component in helping ensure public confidence in the Police Service of Northern Ireland.

The public recognise and value what we do: when surveyed 81% of people who had heard of the Police Ombudsman were aware of our independence and the same percentage believed we would treat them fairly if they made a complaint to us. Our work received favourable comment during the year from the Council of Europe's Commissioner for Human Rights, from Amnesty International and from the Committee on the Administration of Justice. You can read in the pages which follow more detail about the work of the people who deal directly with complaints and the people who support them. Allow me to provide you with a brief overview.

Last year we received 3,367 complaints. The good news is that the number of allegations that police officers were guilty of oppressive behaviour, things such as assault and harassment, had fallen from the previous year. There was, however, an increase in the number of people complaining that police officers had failed in their duty, including allegations that they had failed to investigate properly.

I do not need a public complaint before I can investigate a matter. Last year there were 43 occasions when the Chief Constable referred matters to me, believing it was in the public interest that they be investigated independently. There were also 10 occasions when I initiated an investigation into matters, even though I did not receive a complaint about them, because I believed it was in the public interest to do so.

Having gone through an initial assessment process, and either an informal resolution or an initial inquiry process, 1,331 complaints we received last year were fully investigated. In 28% of these investigations we found evidence that either the initial complaint was substantiated or that there was a separate issue which concerned us. Here are some examples of those cases:

An investigation resulted in eight police officers being disciplined for their failures in the search for a man who had been reported missing and who was later struck and killed by a train. Twenty nine year old Jonathan Magee was killed when he walked in front of a train near Lisburn. The police response to Jonathan's disappearance was inadequate, lacked communication between the officers involved and largely ignored the procedures in place for such issues.

My staff also investigated circumstances surrounding the death of 21 year old Paul Somerville who died four days after sustaining serious head injuries when he fell from the rear of a moving police van in Maghera. A forensic examination found that the van's cell door was misaligned with its frame and that its latches did not always fully engage. I made a series of recommendations for improvements to such cell vans and these have been implemented.

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In another case I found that police failed to properly investigate a fire at the Sean Dolan GAA clubhouse in Derry. They failed to conduct basic investigative enquiries such as checking the perimeter of the club house, conducting house to house inquiries, thoroughly examining the CCTV footage or seeking to speak to the 999 caller who reported the fire.

And my investigation into the role of the police in the so-called 'On The Runs' scheme found it was marked by a lack of clarity, structure and leadership, with disjointed communication between key officers.

But my staff and I also recognise that policing is a complex, difficult job where there is a requirement to remain professional at all times, sometimes in the face of significant provocation. We recognise that police officers who have been subject of an unwarranted complaint can feel intimidated and need to have confidence that the complaint against them will be dealt with impartially.

It is important for the public and police officers to accept that an investigation which finds no evidence of criminality or misconduct is as valuable a contribution to public confidence in policing as one which demonstrates something went wrong. Here are some examples of such investigations.

One of our investigations found that the police decision to grant a firearms certificate to a man who several months later shot and killed an 18 year old Lauren O'Neill was in line with the legislation and guidance available to them. My investigators looked at this issue in very fine detail and established that police did not hold any information which would have given an indication of what was to happen.

I concluded that a police officer was justified in firing two shots at a stolen car being driven directly towards him in Dundonald in January 2007. Forensic evidence suggested the first shot was fired when the car was only a few metres from the officer, and the second when it was even closer. The officer would have had little or no time to react between the two shots.

And in another case I found no evidence to support allegations that a police officer made suggestive comments or accepted a bribe from the owners of a restaurant who were seeking to obtain a liquor licence.

During the year I also published the findings from our investigations of 10 incidents when police officers used Tasers. In each of these cases I found their use justified.

The work of our Historical Directorate, which focuses on the investigation of grave incidents from 'The Troubles,' continued. As with our investigations into 'modern' policing, we published findings which upheld complaints against police officers and which on other occasions did not uphold complaints.

We found that the RUC did not deal adequately with the threats to the life of Sergeant Joe Campbell, who was subsequently murdered in 1977 and significant failures of their investigation into what happened. We also found significant failures in the investigation into the murder of Joseph Rafferty in 1974.

In another case I found no evidence of police involvement in the UFF gun attack on Gerry Adams and four other men in Belfast city centre on 14 March 1984. We talked to all the people involved in the events that day, including the perpetrators,

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the victims and the police. We examined all the available evidence, including forensic and sensitive intelligence material and found no evidence that police knew of the attack beforehand.

Our investigations are often about more than establishing whether there is information to uphold or dismiss a complaint. They often identify issues which can be used to help improve police policy or practice. Last year we made 67 such recommendations.

As an example, I recommended that all police cells should, after being cleaned, be searched with handheld metal detectors to help prevent dangerous items being hidden in them. I made the recommendation following an investigation which revealed that although being searched, a man was able to hide a blade within the pillow in his cell.

The year has not, however, been without its difficulties. In the course of the year I was faced with no option but to take legal action against the police as a result of their failure to release sensitive information necessary for the completion of investigation of very serious cases. This issue went to the core of accountability and I could not allow a situation to develop where those subject to investigation would decide what information would be given to investigators. The development of this issue in a public forum was unfortunate but necessary to ensure the independence of the police complaints system was protected. It was pleasing to see these issues resolved favourably from our perspective.

It was also disappointing to note that the recommendations arising from the Five Year Review of the Office, undertaken in 2011, were unable to be progressed this year because of a failure to

agree within the Northern Ireland Executive. These recommendations were aimed at making modest improvements in the work of the Office (some of which required legislative change) and included increasing the ability of the Office to deal with cases using informal resolution and widening those falling within the remit of the Office thereby strengthening accountability within the police. I will continue to argue for their implementation.

A serious challenge to the work of the Office arose in relation to a significant reduction in budget during the year. The reduction in budget proposed in September 2013 came on the back of significant reductions in funding to “current investigations” over the past 5 years. In addition, the impact on history investigations was even more acute given that the Directorate had never been adequately funded to deal with the proposed case load in 2012. An increase in the number of cases coming to the Directorate since then made the situation even more difficult to implement. The consequence was that some staff had to be let go and history cases had to be prioritised moving the completion of many cases back a further 6 years. This caused considerable distress to families, many of whom had been waiting patiently for an investigation for many years.

My view is very simple. There is an obligation on Government to undertake Article 2 Compliant investigations and the resourcing given to the Office to undertake this work has never been sufficient. While the position eased somewhat midyear and with the proposed budget settlement for 2015 – 2016 our work in this area continues to be underfunded, including not only pre 1998 history work but also the very serious allegations of police misconduct and criminality that have come to the Office about incidents post the 1998 Good

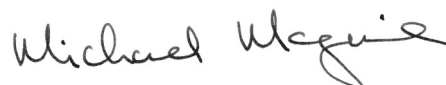
Friday Agreement. I will continue to highlight the impact of funding constraints on the work of the Office as they have a very real impact on our capacity to undertake work efficiently and effectively. We do not have adequate funds to deal with some of the most significant matters which await investigation. Bear in mind also that it is now the role of this Office to conduct certain investigations into the conduct of National Crime Agency and Home Office Immigration/Customs staff.

It was not all bad news. The Stormont House Agreement outlined a way forward for dealing with what is known as 'The Past.' Under this Agreement the work of my Historical Directorate will move to a new Historical Investigations Unit, which is expected to begin work in 2016. This new Unit has my full support and I will do all I can to help get it up and running. In the meantime our commitment to our 'historical' work will continue.

As you read this Report you will see evidence

of a busy and effective police complaints system. The continued high level of complaints, positive feedback from complainants, police officers and stakeholders, as well as the nature and scope of recommendations made, clearly demonstrate in my view that the Office is accessible, there is confidence in how investigations are undertaken and that is making a difference not only to confidence in policing but to policing practice itself. While we can never be complacent and such confidence cannot be taken for granted it is a firm base upon which to build for the future and a tribute to the many excellent hours of teamwork within the Office that went into the completion of some extremely complex and difficult assignments.

I commend this Report to you.



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



## Directors' Report

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### Introduction

As Chief Executive and Accounting Officer I am pleased to present the Annual Report and Accounts for the financial year ended 31 March 2015.

This Directors' report should be read in conjunction with the Strategic report on pages 10 to 29 which provides more information on the operational and financial performance of the Office across the financial year.

### Police Ombudsman

The Police Ombudsman for Northern Ireland is Dr Michael Maguire. The Office is not governed by a Board, but rather 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:

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

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

### Remuneration and Pensions

Full details of the executive management remuneration and pension interests for the year ended 31 March 2015 are contained in the Remuneration Report on pages 30 to 36. Pensions are provided to staff through the Principal Civil Service Pension Scheme (Northern Ireland). Further details in respect of pensions can be found in the Remuneration Report and on pages 30 to 36 and in Note 4.5 to the Accounts.

### Register of Interests

A register of interests is maintained within the Office of the Police Ombudsman for all members of the Senior Management team and Non Executive members of the Audit 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 2015. 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 2015 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.

## Sickness Absence

For the year ended 31 March 2015 the Office set a target not to exceed a sickness absence rate of 4%. This target was achieved - the rate of sickness absence for the year was 3.87%. This represents an improvement in the level of sickness absence in the Office from the 4.07% rate during the year to 31 March 2014.

This reduction in sickness absence rate has been achieved despite the pressures in the Office and is a testament to the staff and their commitment to the work of the Office.

The rate of absence in the Office continues to reflect positively against the rate of sickness absence across the NICS. The most up to date level of sickness absence reported for the NICS was 4.6% for the year ended 31 March 2014.

During the year 57 members of staff had no days absence due to sickness absence which was an increase from 50 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 2015.

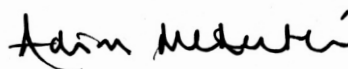
## Auditors

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 44 and 45.

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

The audit fee for the work performed by the staff of the C&AG during the reporting period was £12,700 which relates solely to the audit of these financial statements. The audit fee for the year ended 31 March 2014 was £12,100.

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



**Adrian McAllister**  
Chief Executive

8 June 2015

## Strategic Report

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### Introduction

I am pleased to report on the business and performance of the Office across the financial year ended 31 March 2015.

This report is supplemented by a statistical bulletin which can also be found on our website and which provides a range of data. Additionally a table detailing performance against Service Commitments is included at page 29 of this report. Throughout this report I make reference to the key statistics and information which inform my review of the year.

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

This year has been another of considerable challenge for the Office of the Police Ombudsman for Northern Ireland. The operational environment continued to challenge the skills and resilience of staff whilst the uncertain and ever demanding financial environment tested everyone in the organisation to some degree.

### 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 12.

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

### Principal Activities

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

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

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

During 2014/15 the Office was tasked to begin undertaking investigations into certain complaints about Immigration Officers and Designated Customs Officials when operating in Northern Ireland. A legal framework was developed jointly with the Home Office and Department for Justice and signed by the Home Secretary and the Police Ombudsman. In-house training was developed jointly with the Home Office and a small number of staff were trained to undertake this work. Whilst the Office does not expect a large number of complaints it is important that they are dealt with thoroughly and competently.

In addition, political agreement was reached for the National Crime Agency to become fully operational in Northern Ireland. The Office is currently in discussions which will culminate in it investigating complaints into the Agency when operating in Northern Ireland. This important element of accountability was key to the agreement for the Agency to operate in Northern Ireland. An agreement about how these arrangements will operate will be reached in early 2015/16.

Both these agreements include arrangements for reimbursement of costs in order that any investigations are 'cost neutral' to the Office.

### Case Study

#### POLICE NOT BEHIND BANKING PROBLEMS

**Police played no part in a bank's decision to close the accounts of one of its customers, an investigation by the Police Ombudsman's Office concluded.**

A customer had complained to the Police Ombudsman's Office that he had received a letter from his bank telling him he would have to close all his accounts within six weeks due to "inappropriate behaviour."

He said a bank employee, who he could not identify, had told him: "I should not be informing you this but it was the police that spoke with the bank and that's why we're closing your account."

The man said he believed police had provided the bank with "malicious" information about him.

A Police Ombudsman investigator obtained a copy of the letter from the bank, which stated: *'We are writing to advise you that following a review of your account(s), we came to the decision that all of the accounts you hold with us needed to be closed. We are therefore giving you two months notice of this in line with the General Terms and Conditions.'*

The investigator spoke to a bank representative, who said there had been no contact from police prior to the decision to close the accounts.

The bank also denied that a staff member had referred to police having played a role in the decision.

Police records were also examined, but there was nothing to suggest that police had contacted the bank about the complainant.

The complaint against police was therefore closed as not substantiated.

## THE POLICE OMBUDSMAN FOR NORTHERN IRELAND IS:

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

## THE POLICE (NI) ACT 1998 (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.

### Case Study

#### POLICE OFFICER INTERVENES TO STOP VICIOUS ATTACK

**The Police Ombudsman concluded that a police officer was justified in punching a man who was beating a woman with what appeared to be a metal bar, during an incident in Portrush**

CCTV footage showed the police officer approaching the man, who dropped the bar and is then punched three times to the head by the officer before being arrested.

When interviewed, the police officer said his immediate aim was to stop the assault on the woman. He said the man punched him in the face and he reacted by punching him twice to the head.

This was contrary to the video evidence which showed three punches being thrown by the officer. The footage, however, is not clear as to who threw the first punch.

A report written by a police doctor was also examined and this showed that the officer had tenderness to his face and mouth.

Several attempts were made to contact the man in question, but he failed to assist the Police Ombudsman's enquiries.

The Police Ombudsman noted that the CCTV footage was inconclusive as to who struck the first blow, but said it clearly showed the man attacking a woman. She was in considerable danger and there is no doubt immediate action was required to prevent her sustaining further injuries or worse, he said.

## Operational Performance

The Office has a strategic aim to deliver a service that inspires confidence in the police complaints system and contributes to improvements in policing in Northern Ireland. During the year the Office achieved 89% public awareness with 81% of those who were aware of the Office also being aware of its independence.

The core business of the Office is receiving and investigating complaints about contemporary policing in Northern Ireland. During 2014/15, the Office received over 3,300 complaints of this kind with complaints ranging from allegations of police officers being uncivil to allegations of assault, causing death by dangerous driving and perverting the course of justice.

Whilst this was a reduction of 10% on the previous year, it remained 3% higher than the number of complaints received in 2012/13 and against a backdrop of reduced funding for current matters every year since 2009/10.

During the year we spent some time working with the police to reach a better understanding of the reason for the sharp increase in complaints during 2013/14. We were able to point to some recording issues in a single custody suite and complaints arising from the flag protests accounting for over 80% of the increase. The recording issues were addressed and there was no repeat of the disorders of 2013/14.

The Office also investigates historical matters that are considered by the Ombudsman to meet the relevant statutory test for investigation. The majority of those investigations relate to pre 1998 deaths associated with the 'Troubles' in Northern Ireland.

During the course of the year a number of issues arose which threatened to undermine the capability and capacity of the Office to undertake and report

### Case Study

#### CASE STUDY THREE: POLICE OFFICER CAUTIONED FOR ASSAULT ON TEENAGER

**A police officer who was alleged to have grabbed a teenage girl by her hair and tripped her up has been cautioned for assault following a Police Ombudsman investigation.**

He was among a number of police officers sent to assist with locking a public park in west Belfast.

The girl told Police Ombudsman investigators that she was with some friends listening to music when the officer told her that if she didn't turn off the speaker he was going to "stick his baton through it".

The girl said she turned the speaker off, but after speaking to a female officer who told her it was OK to play music as long as it wasn't too loud, she turned it back on.

The girl said the male officer then returned, tried to take the speaker from her, grabbed her by the hair and cardigan and tripped her up, before standing on her right hand after she fell.

When interviewed, the officer said the music was causing a disturbance. He said the girl swore at him and ran off, and he tried to grab her cardigan but grasped some of her hair as well. He denied tripping her up, but said she had fallen to the ground as he had twisted his body to wrench the speaker from her grasp.

Police Ombudsman investigators interviewed a number of witnesses, including other officers, who noted that the atmosphere in the park, which had been relaxed and friendly, had deteriorated after the officer's intervention.

A file was submitted to the Public Prosecution Service which imposed a caution on the officer, who has since also been disciplined by the PSNI.

### Case Study

## POLICE OFFICER DISCIPLINED FOR SHAKING YOUTH

**A police officer has been disciplined after a Police Ombudsman investigation concluded that he had grabbed a youth by his coat, shook him and used abusive language.**

The incident happened as the officer and three colleagues were responding to reports of youths causing annoyance in the Craigavon area.

Three youths provided statements. They recalled that a police officer ran towards them, grabbed one by the coat and shook him roughly while screaming abusive and threatening remarks.

That youth said he had been frightened and thought he was going to be thrown into a canal at the side of the field.

The police officer when interviewed said the youths had run off and he gave chase. He said he thought one of them was going to assault him or run off, so he grabbed him, searched him for drugs and let him go. The officer said he had used minimal force, but denied having assaulted him. The officer's account was only partially corroborated by his colleagues.

The Police Ombudsman investigator prepared a report for the Public Prosecution Service, which directed that the officer should not be prosecuted.

The investigator then considered the evidence for potential misconduct issues and concluded that the officer's actions had been oppressive and disproportionate. In particular, he found that there was no need to have grabbed hold of the youth and shaken him and that the officer's use of language had been inappropriate and unprofessional.

on these 'historic' investigations, including pressures on funding and disagreement with the previous Chief Constable regarding our access to sensitive material held by the police. The issue of access to sensitive information held by the Police was resolved by agreement with the incoming Chief Constable.

Although funding remains insufficient for completion of this programme of investigations within the timescale originally planned, and the challenge associated with sensitive material held by the police delayed our inquiries, during the year the Office issued a number of public statements, completed eight other investigations and made substantial progress in four additional, highly complex investigations. Collectively these cases relate to some sixty murders during the 'Troubles'.

The funding of the Office was significantly reduced in year. In 2014/15 the initial revenue budget was £9,068k, a reduction of approximately 2% from the 2013/14 budget of £9,248k. The 2014/15 budget was reduced in year by £564k to £8,504k which represented an 8% reduction in cash budget from 2013/14.

Whilst £165k was later returned, leaving a final 2014/15 budget of £8,669k, the reduction in budget meant that the Office had to release a number of front line (temporary) staff all of whom had been providing essential support to investigators. The impact of the changes is felt on a day to day basis as workloads remain demanding and resources are increasingly constrained.

The impact of budget reductions on historical investigations is relatively straightforward to assess given that the work is underpinned by a detailed business case. The work of the Directorate will inevitably take longer to complete given the reduction in available resources and the Office is the subject of legal challenge in that regard.

The impact on current investigations is more challenging to assess but the timeliness of our investigations will become increasingly difficult to maintain despite our efforts to transfer and maintain resources focussed on our investigative capacity.

In addition, the Office receives a significant number of complaints regarding complex matters that relate to events post 1998. The investigation of those matters is resource intensive and presents a strategic risk to the Office. A business case for additional resource to undertake that work was submitted to the Department of Justice during the year but without success. We will revisit the business case during 2015/16.

The uncertain financial climate during the year meant that the finance and human resources functions in the Office were required to assess and manage the impact of changes very quickly throughout the year.

Given the financial challenges, the Office scrutinised the allocation of permanent staff and asked a number of them to undertake very different roles in support of front line investigations. It is a testament to those staff that they have met the challenges of a new role with fortitude and determination.

In addition, the Office carried out an internal recruitment process which saw four members of staff become 'trainee investigators'. A bespoke training course was developed and the trainees were assisted by dedicated mentors who were all experienced and respected investigators in their own right.

The quality of the work in the Office is critically important. We constantly seek to deliver excellence in everything we do and throughout the year a number of internal and external audits reported favourably on various aspects of our work.

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*"I wish to acknowledge the competent, caring and professional manner in which [the Investigating Officer] dealt with my complaint.*

**Complainant**

During the year we also developed further guidance for our investigators to assist in decision making with a particular focus on the how we determine on the 'balance of probabilities' whether something has happened or not.

In addition, we continued to develop a programme of quality assurance of our casework decision making. The decisions made on a day to day basis are at the heart of our work and clear guidance to investigators coupled with intrusive but supportive supervision and management has had a positive impact on the quality of our work.

In 28% of cases that were fully investigated during the year the Office either recommended disciplinary action or identified an issue of concern but without recommending any action. During this year, the Office recommended 380 disciplinary sanctions to the Chief Constable concerning the conduct of police officers/staff. Of those 65 were for Management Discussion, 226 for Advice and Guidance, 85 for Superintendent Written Warning and four for formal disciplinary hearing. On 12 occasions the Office recommended that the PPS prosecute officers/staff.

### Annual Business Planning 2014/15

The strategic aim, supporting key aims, indicators and targets for the year 2014/15 were set by the Police Ombudsman in conjunction with the Senior Management Team.

The Office established four Key Aims in the Three Year Corporate Plan (2014/17) and during the financial year monitored progress against the aims.



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

The following section reflects on the performance of the Office against each Priority. Further information in relation to Service Commitments is provided in the table on page 29.

## Key Aim 1

### Excellence in investigations

Throughout the year we focussed on delivering high quality investigations and reports and sought to ensure that investigations were also completed in a timely fashion. The Office completed 70% of non complex investigations in less than 110 days.

The Office investigated a number of high profile contemporary matters including two instances where people died following road traffic collisions involving the police and a death in custody. Some of those matters may result in criminal prosecutions.

The Office also received a referral from the Chief Constable following the judgement of Mr Justice Sweeney in the case of *R v Downey*; the Office reported on that referral during the year and the Ombudsman gave evidence before the Northern Ireland Affairs Committee on the matter of 'On the Runs'.

During the year the Office published a number of statements into historical matters including the murder of Sergeant Joe Campbell and the attempted murder of Gerry Adams. Investigations into historical matters are by their nature complex and complicated by a number of factors including the passage of time, unavailability of records and

memories of events becoming ever more distant.

Whilst the target in respect of historic investigations to have delivered four complex and 12 other historic investigations was not met, this was due to the combined effect of funding for a business case for additional resources not being made available and the subsequent impact of further budget restrictions on the office.

The Office carries out surveys throughout the year in order to measure the satisfaction of complainants with the service they receive from the Office. The Office set a target for this measure of performance. The target was met with 50% of respondents reporting that they were satisfied or very satisfied with the service they received.

It is anticipated that the introduction of the Service Charter will help to further improve performance in this area in the coming years.

The Office continued to develop a number of important quality assurance measures throughout the year. The highest profile and most serious cases are examined in detail on a monthly basis by the Director of Current Investigations. In addition, those cases were overseen bi-monthly by the Ombudsman and Chief Executive.

The quality assurance processes focus on ensuring lines of enquiry are identified, prioritised and followed, appropriate resources are assigned to cases, progress is timely and that appropriate recommendations are made at the conclusion of cases.

High profile cases and associated public statements are subject to further quality assurance. A group of senior staff meet to discuss public statements on a case by case basis.

The membership of the group is refreshed regularly in order that new perspectives are brought to the process. The members of the group read the

statements independent of each other and then bring their views to a discussion when any necessary and agreed amendments are made.

## Key Aim 2

### Maintain impartiality and independence

The Office places great stall on the quality and consistency of investigations and recommendations. In supporting investigators, the Office has an established Quality and Standards Board which is chaired by the Chief Executive and meets regularly throughout the year.

During 2014/15 the Quality and Standards Board oversaw the development and introduction of a number of policy documents that help to guide decision-making across the Office. The documents include guidance on applying the Balance of Probabilities test, the recommendations to be made for certain types of police misconduct and guidance for the drafting of reports to the Policing Board and Department of Justice (reports made under regulation 20 of the RUC (Complaints etc.) Regulations 2000).

The Quality and Standards Board also receives information about complaints made about the performance of the Office and seeks to identify any trends that can be addressed through feedback and training of staff.

During 2014/15, the Office received 55 complaints compared to 77 in 2013/14; a reduction of nearly 30%. Many of the complaints were in respect of the outcome of the investigation with a very small number being in respect of quality of service issues such as timeliness or incivility.

Further information on complaints received by the Office are detailed on page 20.

### Case Study

#### POLICE WERE NOT EXCESSIVE

The Police Ombudsman concluded that police did not act excessively in the way they dealt with a 999 call reporting that a man had been drinking and had a firearm.

The man complained that the police response was disproportionate given that his wife, who had reported the incident, said he posed no immediate danger. He said had clearly been unarmed and had informed police he would fully co-operate with them. Despite this, he said he was still ordered to get on the ground with his hands in the air, before being approached by three officers with their guns drawn.

He also complained that he was then kept in handcuffs in a room in his house for over an hour, despite repeatedly requesting that the cuffs be removed. He alleged it was inappropriate for officers to have restricted his movement in his own home for so long, given that he had not been arrested or cautioned and was fully compliant.

A Police Ombudsman investigator obtained copies of a number of phone calls involving the police and the complainant, and police and his wife. He established that during the initial 999 call, the man's wife had told police that her husband had drink taken and had a gun on his person.

While acknowledging that the complainant had co-operated with police throughout the incident, the investigator said the officers had acted properly to minimise risk.

The Office has placed significant emphasis on high quality service over the last two years and it is hoped that the reduction in complaints against the Office is a reflection of that work. More detail on how complaints were resolved is provided below.

“The Children’s Law Centre is an active member of the Office of the Police Ombudsman’s cross-sectoral Youth Advisory Group. The work undertaken by this group has and will continue to impact positively on the lives of children and young people, It is a good model of partnership working which we are pleased to be a part of.”

**Children’s Law Centre, Northern Ireland**

### Key Aim 3

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

During the year the Office developed and implemented a Service Charter (see page 18).

The Charter details the way in which staff should deliver services to the public, police officers and each other. We have now amended our surveys of both complainants and police officers in such a way as to help us measure our level of success in delivering this service.

The most recent figures reflected that more than 75% of police officers and of complainants had positive views about how they were treated by our staff. During the year, 50% of complainants who responded to the survey said they were satisfied or very satisfied with the service they received and 60% said they would be willing to use the service again. More than 90% of police officers who were subject of a complaint said that we treated them with respect and more than 80% said we treated them fairly. The new survey of police officers resulted in 48% of officers subject of a complaint (and who responded to the survey) reporting that

they were satisfied or very satisfied with the service they received. We will be carrying out further analysis of the response data and working with the police to better understand this level of satisfaction and make improvements where we can.

These figures reflect some excellent performance by staff over the year and also help to identify where there might be opportunities to improve the service we provide to both complainants and police officers.

### Key Aim 4

#### Focus our efforts on improving policing

We have worked with the police and policing board during the year to better identify how the recommendations made by the Office have impacted on policing.

A small group involving staff from the NI Policing Board, PSNI and staff from the Office have met on a regular basis and have drawn together the recommendations made to the police over recent years. This has been a challenging task given the number of recommendations made, but genuine progress has been made and now forms a sound baseline for (jointly) tracking recommendations made by the Office. The Office is also able to track whether recommendations are accepted by PSNI and work is under development to try and assess what impact the recommendations have made on policing.

The vast majority of recommendations have been accepted and implemented by PSNI. The Office will continue to work with the police and Policing Board in this regard.

## 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 operate 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 measurements were finalised and some initial data was collected during 2014/15; the full suite of revised data will be collected in the year 2015/16.

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*

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*“I was very uncomfortable in having to make a complaint about police but the attitude of [the Complaints Officer] made the process much easier...I do not believe that I have dealt with anyone previously who has been as pleasant or as helpful.”*

**Complainant**

### Customer complaints against the Office

During the year we received 55 complaints about the service we provided (compared to 77 for the year ended 31 March 2014). Of the 55 complaints: 48 were from members of the public, five from police officers and two from retired police officers.

Twenty nine of these complaints were in respect of dissatisfaction with the investigation; ten were regarding how the Office handled complaints (e.g. how they were closed or classified); seven arose from dissatisfaction with the Office’s decision in respect of disciplinary actions; three related to a failure to follow procedures; two were associated with the conduct of staff members; and two were about the lack of meaningful updates during the investigation. The Office has yet to obtain sufficient information to enable one complaint to be progressed and one other matter related to dissatisfaction with police policy in respect of which the Office has no remit.

By the end of the year 25 of the complaints received during the year were closed, one case is subject to appeal and 29 remain under investigation. In addition 32 cases which were under investigation at the end of March 2014 were also closed in this financial year and three remain under investigation.

Of the 57 complaints that were closed this financial year; two did not meet the criteria of a complaint; one complaint was withdrawn; 43 were not upheld, two cases were informally resolved, one case was not within the timeframe stipulated by the

Customer Complaints policy; one case was partially upheld; and seven cases were upheld (one after an appeal).

Regarding the seven upheld cases, three of which involved re-opened investigations: in one case, after a re-opened investigation, the Office acknowledged that not all available evidence had been considered and that the complaint should have been substantiated; an apology was issued for one case for inaccurate information having been provided; in another case it was acknowledged that there had been an unacceptable delay in conducting the investigation; one case resulted in an investigating officer being advised about the manner in which an interview had been conducted; procedural lessons were learned in relation to one matter; one complaint was withdrawn after the investigation was re-opened; and one re-opened investigation is nearing completion.

In relation to the partially upheld case, an apology was issued in relation to delay but an associated complaint about the investigation was not upheld.

The cases that were informally resolved related to a lack of meaningful updates during the investigation and following these communication protocols were established.

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 research, the Office commissions an annual survey of public awareness of the police complaints system.

Results from the 2015 survey indicate that a high proportion of respondents were aware of the Police Ombudsman (89%). Of those respondents that had heard of the Police Ombudsman, 81% knew that the

Office was independent of the police and 77% were either fairly confident or very confident that complaints are dealt with in an impartial way.

In addition, 82% of respondents believed that the Police Ombudsman would help ensure that police in Northern Ireland do a good job.

### Complainant Satisfaction

The Office surveys complainants to seek comment on how they view the service they received. Overall satisfaction levels have remained relatively stable from last year. In the year to 31 March 2015, 50% were satisfied or very satisfied with the

service, compared with 49% for the year ended 31 March 2014. However complainant satisfaction remains at levels lower than were previously achieved and we are working hard to understand the reasons for this fall in satisfaction.

### Police Officer Satisfaction

The Police Officer Satisfaction Survey enables police officers who were subject to investigation by the Police Ombudsman's Office to express their views on the service provided by the Office. During the year 48% of police officers who were subject to investigation and who responded to our survey said that they were satisfied or very satisfied with the

#### Case Study

### OFFICER DISCIPLINED OVER HANDLING OF ROAD CRASH

**A police officer was disciplined after Police Ombudsman investigators established that his handling of a car crash included a number of mistakes.**

In a complaint made to the Office, the driver of one of the vehicles stated that a number of days following the collision he was surprised to learn through his insurance company that he had received a police caution for driving without due care and attention.

He alleged that the charge was not put to him at the time. He said that the investigating officer on the scene told him very little about what would happen after the incident, except that he would be receiving a discretionary caution - a process which enables the police to deal with minor incidents at the scene in return for an admission of guilt from the recipient - and that it would remain on his record for 12 months.

He understood this meant he was not admitting liability for the accident, adding that he would have objected had he been aware he was being accused of the more serious offence of driving without due care and attention.

The man also complained about the police officer's subsequent collision report, which stated that the road where the accident happened was a single carriageway, there was no damage to the man's car, the speed limit was 40mph and that the driver was turning right at the time. He alleged that all of these statements were inaccurate.

When interviewed, the officer admitted he had made errors in completion of his records. He also agreed that he had made mistakes when giving the man a discretionary caution.

Police policy on how to administer discretionary cautions states that the officer should complete a form and that the person receiving it should sign it, showing that they accept and understand the process. The officer accepted that neither of these were done.

As a result of these failings the Police Ombudsman made appropriate disciplinary recommendations, which have been acted upon by the Police Service of Northern Ireland.

The issue of the caution issued to the man was also taken up with senior police and was expunged from the man's record.

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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**

service they received. More than 90% said our staff treated them with respect and more than 80% said we treated them fairly. We will be using the data from the survey and will work with police to get a deeper understanding of the reasons for dissatisfaction and improve where we can.

### Equality Monitoring

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

The Office receives over twice as many complaints from males as females. Of the complaints received, 21% were made by persons 25 and under and around one quarter were made by persons aged 35 to 49. The community background of complainants reflect the most recent Census. There continues to be a high proportion of complainants with self-reported disability (34%).

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.

### Litigation

The legal Directorate dealt with a number of high profile matters during the year. Of particular importance was the legal action initiated against the Chief Constable relating to the provision of sensitive material to the Office. After leave was granted the matter was settled by way of agreement between the two parties.

The Office also successfully defended an action by some retired officers challenging one of the public statements made by the Ombudsman during the course of the preceding year.

The Office also continues to deal with a number of challenges regarding the requirements placed on investigative bodies to deal promptly with matters where Article 2 of ECHR is engaged. The Office remains committed to utilising the resources available to it in meeting its statutory obligations.

### Working with other Police Oversight Bodies

Throughout the year there continued to be ongoing communications and dialogue with An Garda Síochána Ombudsman Commission, the Independent Police Complaints Commission in England and Wales and the Police Investigations and Review Commissioner for Scotland.

We seek to work together in building strong accountable oversight mechanisms meeting the needs of our respective jurisdictions. In particular, the four bodies seek to identify opportunities to share learning and the Office has participated in a number of joint training events and continues to work to establish appropriate benchmarking information.

### Community Engagement

The Office continues to engage with a cross section of groups in efforts to improve community understanding of the police complaints system.

Police Ombudsman staff visited 15 secondary schools and youth groups across Northern Ireland during the year. Staff also worked with students in support of their study of the Office for GCSE in Learning for Life and Work.

The Office considers social media as being a vital supplement to the traditional face to face engagement methods and has created a number of initiatives to promote its work through this medium. These include videos explaining what the Office does, Facebook posts and Tweets about specific case work.

In the coming year we will continue to further develop a proactive approach to engaging with communities and particularly young people.

## Financial Performance

### Financial Position as at 31 March 2015

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 46 and 47 respectively. The Office incurred net expenditure for the year of £8,980,951 (£9,502,913 for year ended 31 March 2014).

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 £251,817 (£287,849 for year ended 31 March 2014). The Office continues to be funded through the DOJ and the financial statements have been prepared on a going concern basis.

### Funding and Financial Accountability

The Office operates under a management framework governed by the Police (Northern Ireland) Act 1998 as amended by the Police (Northern Ireland) Acts 2000 and 2003. The Police Ombudsman is financed

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*“I am satisfied that the significant work undertaken within [the Office of the Police Ombudsman] to deal with historic cases has restored operational independence”.*

**Brendan McGuigan, Chief Inspector of Criminal Justice in Northern Ireland, September 2014**

by a Grant-in-Aid from the DOJ. The allocation from which this funding comes is the DOJ Request for Resources A. The Permanent Secretary, who is the Principal Accounting Officer of the DOJ, designated me as Chief Executive and Accounting Officer for the Office of the Police Ombudsman for Northern Ireland.

## Expenditure and Accounts

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

## Accounts Direction

The financial statements which are included at pages 46 to 69 have been prepared under an Accounts Direction given by the DOJ in accordance with 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.

## Budget and resources

During the course of the financial year, the Office continued to demonstrate sound financial management of the resources made available to it. The Office received an initial revenue budget of



£9,068k for the year ended 31 March 2015. During the course of the year the Office was required to take in year budget cuts. A budget cut of £247k was made in May 2014 and a further budget cut of £317k was confirmed in September 2014. In October an amount of £165k was re-instated to the budget of the Office, leaving an overall reduced budget of £8,669k. This represents an over 6% reduction in budget in cash terms from that which was available for the year ended 31 March 2014.

The Office, along with other publicly funded bodies has faced significant ongoing reductions in its budgets since the start of the four-year Comprehensive Spending Review Period from 2011/12 to 2014/15. The impact of the budget cuts on the Office have been somewhat masked by the by the provision of additional funding to undertake additional historical investigations. In 2010/11 the Office budget for such work was £950k which was increased to in excess of £2m per annum in 2011/12, although the amount has been reducing year on year as a result of budget cuts. However, at the same time, the core budget of the Office has reduced from £7,847k in 2010/11 to £6,677k for the financial year 2015/16. This represents a real cut in cash terms of 15% of the core budget of the Office.

### 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 £302,000 at 31 March 2015 (£320,000 at 31 March 2014). The open market value of the leasehold interest in New Cathedral Buildings has been valued at £nil at 31 March 2015 (£nil at 31 March 2014). 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).

### 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.

### Investors in People (IiP)

During the year the Office engaged in an independent assessment of performance against the Investors in People (IiP) programme. The assessment involved an assessor reviewing a range of factors across the Office including leadership and development opportunities and interviewing a cross section of staff. We received the report in the autumn of 2014 and were delighted to be assessed as meeting the Bronze standard for IiP.

This was a considerable achievement for the Office in recognition for our commitment to continuous improvement and continuous professional development and provides a sound platform to further develop the way we work and achieve Silver and ultimately Gold IiP status.

### Staff Budget

Expenditure on staff was £6,475k in the financial year (£6,738k for 2013/14). An average full time equivalent (FTE) of 147 staff were employed across the year (151 in the year to 31 March 2014). This reduction in average FTE staff is as a result of budget cuts. The Office has sought to minimise the impact of budget cuts on headcount, however, as the majority of the expenditure of the Office is on staff costs and as the scope to reduce non staff costs has largely been exhausted, there has inevitably been a reduction in staff in post. Further information in respect of staff costs can be found on pages 58 to 60 in note 4 of the Notes to the Accounts.

### Training and Development

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

The Office is acutely aware of the need to develop staff particularly at a time when recruitment is limited and training opportunities are inevitably impacted on by budgetary constraints.

Examples of our learning and development activities included: Accredited Management Development, Trainee Investigation Officer Development, Disclosure, Legislation Workshops, Information Assurance and Risk, Autism Awareness, and training on Covert Human Intelligence Sources.

The Office continued to develop and deliver targeted training and was able to support four newly appointed Deputy Senior Investigating Officers through the Senior Investigator Development programme. The development and delivery of this shared accredited learning and development programme is a noteworthy accomplishment for professional development within police oversight.

It is a testament to the quality of those staff and their hard work that they all completed the programme to the highest standard. The programme was funded and run jointly with An Garda Síochána Ombudsman Commission and was an excellent example of collaboration between the two organisations.

In addition, four newly promoted Investigating Officers underwent a bespoke training and development programme. They were individually mentored by four trained and experienced investigators and under guidance steadily undertook increasingly complex and independent investigative tasks. The Office developed a bespoke training programme for the Investigating Officers which involved developing their knowledge, skills and understanding to equip them to conduct professional and objective investigations in accordance with National Occupational Standards.

### Employees with disabilities and equal opportunities

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

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

The profile of staff at 1 January 2015 shows that 46.8% are male and 53.2% are female and that 49.0% are Protestant, 41.1% are Roman Catholic and 9.9% are non-determined.

The most recent Equality Commission Northern Ireland monitored workforce statistics for gender are 47% male, 53% female and for community background are 53% protestant and 47% 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.

### Environmental Matters

The Office, despite its small scale, is concerned to ensure that it minimises its environmental impact. The Office recycles paper, plastic, cardboard and cans, reducing by 50% the amount of waste that is

disposed of to landfill. Additionally, in monitoring on a monthly basis the use of vehicles in business journeys, managers encourage sharing of cars. This contributes to reductions in emissions as well as efficient use of resources.

### Risk Management and Register

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

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

In addition the Audit 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 38 to 43.

### Young people

The Office continues to work hard to better engage young people. We are mindful that the police have a lot of contact with young people. Much of that contact is positive but inevitably there are occasions when young people wish to complain about how a police officer has dealt with them. The Office receives relatively few complaints from young people (119 complaints were received from persons aged under 18 during the year) A programme of work has been developed to better understand the reasons for this.

The Youth Advisory Group (YAG) was established over 12 months ago and met regularly throughout the year. The Group comprises key people from the youth sector and acts in an advisory capacity to the Chief Executive.

The work of the Group has led to the Office changing the way in which it collects some section 75 data relating to young people, improving the social networking of the Office (via Twitter and Facebook) and engaging young people through a range of groups. This is an area of work to which the Office remains committed despite the challenging financial climate.

### Media work

The Office is subject of regular and intense media coverage. It reports regularly on cases which we anticipate will be of public interest and during the year has proactively maintained a positive media profile. During the period we issued 42 key media statements covering a range of investigative findings and other corporate matters and issued nine electronic newsletters to key stakeholders. The Office's media profile remained high. It was subject of comment in more than 900 newsprint articles during the year.

During the year the Office also contributed to a BBC NI 'Spotlight' programme regarding some aspects of policing in Omagh. The Office had received a number of complaints from members of the public and with other commentators was able to contribute to the programme in a way that would help improve policing in the area

The Office has also undertaken a review of how it presents statistical information. The aim of the review was to develop more succinct and straightforward ways of presenting statistics about police complaints and the performance of the Office. That work is almost complete and we anticipate publishing information in new ways that bring greater clarity and focus to complaints about the police and how they are handled.

During the year we made significant progress on the public reporting of our investigations. Numerous press releases and entries on social media

contributed to our efforts to bring our work into the public domain in a way which reflects both good policing and where lessons can be learnt.

### Information and Communication Technology (ICT)

The Office has limited capital budget but nevertheless has focussed the ICT expenditure on front line services with the procurement of digital recording equipment and enhanced provision of laptops to support more mobile working and viewing of CCTV evidence. The process of moving towards digital recording of interviews will make the tape recording of interviews with police officers redundant and will significantly enhance efficiencies in the Office.

A number of changes to operational policy and practice have also required changes to the casework system. This has required the development of 'change requests', the suppliers making the necessary software changes followed robust user testing. The changes have not been without their challenges but co-ordinated effort by a range of people has ensured the continued development of our case handling system.

### Security and Information Management

The Office has placed increased emphasis on the management and security of information. It is incumbent on all organisations to manage information assets securely and professionally.

The Office has an established strategic group that oversees the development and implementation of Office policy. The Group also oversees the development and implementation of the office Information and Security Strategy. Some specific initiatives during 2014/15 included;

- Independent assessment of security arrangements
- Initiation of a project to destroy dated records

- in line with an agreed disposal schedule
- Further enhancement of physical security measures including upgraded CCTV
  - On line refresher information security training for all staff.

As noted above there were no personal data related incidents during the year.

### Assembly Questions

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

### Freedom of Information

Since the introduction of the Freedom of Information Act 2000 in 2005, members of the public, journalists and police officers have used this provision to obtain information. Over the year to 31 March 2015 there have been 71 specific requests for information. There were 16 Data Protection requests in the same period.

### Future Developments

As noted above, the 2015/16 Annual Business Plan has been agreed and is available on the Office website at [www.policeombudsman.org](http://www.policeombudsman.org).

Over the past few years the Office has been faced with the challenge of finding savings within its budgets year on year. The further impending pressures on budgets in the years ahead will continue to be a significant challenge for the Office as it seeks to ensure it continues to deliver its statutory duty.

The planned establishment of the Historic Inquiries Unit (HIU) by October 2016 as part of the Stormont House Agreement will present challenges for the Office. Ensuring a professional and comprehensive transition of the work will be critical as will 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 business cases in support of additional resource to investigate the most serious current cases will be a critical component in ensuring that the Office retains both the capacity and capability to undertake this important work.

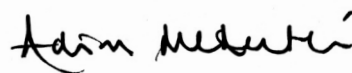
### Events after the Reporting Period

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

### In Conclusion

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

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



**Adrian McAllister**  
Chief Executive

8 June 2015

**Table 1 - Service Commitments**

| Service Commitment   | Targets   | Performance against targets 2014/15        | Performance against targets 2013/14         |
|--|---|--|---|
| <b>Level of complaints registered</b>  | Resource and action all complaints and related allegations registered.  | 3,367 complaints – 10% decrease on 2013/14 | 3,734 complaints – 14% increase on 2012/13  |
|  |   | 5,587 allegations – 9% decrease on 2013/14 | 6,089 allegations – 15% increase on 2012/13 |
| <b>Responsiveness, prompt service and timely processes</b>   | Register all appropriate matters reported to the Police Ombudsman within 3 working days of receipt.*  | 96% achievement                            | 91% achievement                             |
|  | 90% of all complaints to be actioned within 5 working days of receipt.*   | 96% achievement                            | 91% achievement                             |
|  | 50% of complaints investigated, other than grave or exceptional matters to be completed within 110 working days.                                      | 70% achievement                            | 77% achievement                             |
|  | 90% of complaints, not subject of investigation or Informal Resolution, to be dealt with within 40 working days.                                      | 97% achievement                            | 97% achievement                             |
|  | 90% of complainants to be contacted by the Investigating Officer within 3 working days of the complaint being allocated to that officer.*             | 90% achievement                            | 92% achievement                             |
| <b>Quality and effective investigations, levels of satisfaction and confidence in police complaints system</b> | To maintain a level of 80% public awareness of the Office.  | 89% achievement                            | 84% achievement                             |
|  | To maintain a level of 80% awareness of the independence of the Police Ombudsman.   | 81% achievement                            | 80% achievement                             |
|  | To maintain a level of 80% confidence that the Police Ombudsman for Northern Ireland deals with complaints in an impartial way.                       | 77% achievement                            | 75% achievement                             |
|  | To maintain a level of 80% of respondents who think that that they would be treated fairly by the Office if they made a complaint against the police. | 81% achievement                            | 84% achievement                             |
|  | To maintain a level of 50% of complainants being satisfied or very satisfied with service received.   | 50% achievement                            | 50% achievement                             |
|  | To maintain a level of at least 75% of complainants willing to use the service again.   | 60% achievement                            | 65% achievement                             |
|  | To maintain a level of at least 75% of police officers subject of investigation to be satisfied with the service provided by the Office.**            | 48% achievement                            | 67% achievement                             |

\* The methodology for the calculations of these indicators changed on 1 April 2015.

\*\* In 2014/15 the Office changes its questionnaire to better capture police officers' views on how well we had delivered on our commitments in our new Service Charter. We also changed the manner in which we carried out the survey to increase feedback. Due to these changes the results from this year's survey are not directly comparable with previous years.

## Remuneration Report

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### Remuneration Policy

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

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

### Appointments

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

The Non Executive Members of the Audit and Risk Committee during the financial year were Mr E Gaw and Mrs V Patterson. They were appointed on 1 April 2010 for an initial three year term to 31 March 2013 with an option for a further 2 years to 31 March 2015 which was exercised in March 2013.

Non Executive Audit and Risk Committee members are remunerated at a daily rate of £450 on the basis of time incurred on official business. From September 2013, Mr Gaw's work with the Office ceased to be in a remunerated capacity following an instruction from the Department of Justice further to their interpretation of DAO DFP 02/11. Mr Gaw has continued to serve as an Audit and Risk Committee member in an unremunerated capacity.

Mr B Mitchell and Mr F Bryan were appointed with effect from 1 April 2015 to replace the outgoing members of the Audit and Risk Committee.

### Audited Information

The following sections provide details of the remuneration and pension interests of the Police Ombudsman, the Accounting Officer/Chief Executive, members of the Senior Management Team and Non Executive Members of the Audit and Risk Committee. The information on pages 31 to 33 is covered by the audit opinion.

### Salary and pension entitlements

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

| Remuneration (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) |
| Dr Michael Maguire<br><i>Police Ombudsman</i>         | 130 – 135           | -             | -                                  | 55  | 185 – 190                |
| Adrian McAllister<br><i>Chief Executive</i>           | 105 – 110           | -             | -                                  | 42  | 150 – 155                |
| Paul Holmes<br><i>Director of Investigation</i>       | 65 – 70             | -             | -                                  | 11  | 75 – 80                  |
| Brian Doherty<br><i>Director of Investigation</i>     | 75 – 80             | -             | -                                  | 25  | 100 – 105                |
| Olwen Laird<br><i>Director of Corporate Services</i>  | 55 – 60             | -             | -                                  | 23  | 80 – 85                  |
| Tim Gracey<br><i>Director of Information</i>          | 55 – 60             | -             | -                                  | 12  | 65 – 70                  |
| Seamus McIroy<br><i>Director of Legal Services</i>    | 45 – 50             | -             | -                                  | 17  | 60 – 65                  |
| <b>Non Executive Audit and Risk Committee Members</b> |                     |               |                                    |   |                          |
| Edward Gaw  | 0 – 5               | -             | -                                  | -   | 0 – 5                    |
| Vilma Patterson                                       | 0 – 5               | -             | -                                  | -   | 0 – 5                    |

Police Ombudsman's Total Full Time Equivalent  
Remuneration (note 4.4 to the accounts)

£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 include increases due to inflation and any increase or decreases due to a transfer of pension rights.



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

|   |          |
|---|----------|
| Police Ombudsman's Total Full Time Equivalent Remuneration (note 4.4 to the accounts) | £131,300 |
| Median Total Remuneration   | £ 32,024 |
| Ratio   | 4.10     |

2 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 include increases due to inflation and any increase or decreases due to a transfer of pension rights.

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

4 The salary figure quoted is for the period 1 April 13 to 3 January 14. The full year equivalent salary is £75k – £80k.

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

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

## PENSION ENTITLEMENTS

|   | AUDITED INFORMATION  |  |                          |                          |                                |   |
|---|--|--|--------------------------|--------------------------|--------------------------------|---|
|   | Accrued pension at pension age as at 31/3/15 and related lump sum<br>£'000 | Real increase in pension and related lump sum at age 60<br>£'000 | CETV at 31/3/15<br>£'000 | CETV at 31/3/14<br>£'000 | Real increase in CETV<br>£'000 | Employer contribution to partnership pension account (Nearest £100) |
| <b>Dr Michael Maguire</b><br><i>Police Ombudsman</i>        | 20 – 25  | 2.5 – 5.0  | 291                      | 236                      | 29                             | N/A   |
| <b>Adrian McAllister</b><br><i>Chief Executive</i>          | 5 – 10   | 2.5 – 5.0  | 70                       | 37                       | 21                             | N/A   |
| <b>Paul Holmes</b><br><i>Director of Investigation</i>      | 10 – 15<br>plus lump sum of<br>35 – 40                                     | 0 – 2.5<br>plus lump sum of<br>0 – 2.5                           | 216                      | 195                      | 8                              | N/A   |
| <b>Brian Doherty</b><br><i>Director of Investigation</i>    | 0 – 5  | 0 – 2.5  | 15                       | 1                        | 8                              | N/A   |
| <b>Olwen Laird</b><br><i>Director of Corporate Services</i> | 15 – 20  | 0 – 2.5  | 248                      | 222                      | 13                             | N/A   |
| <b>Tim Gracey</b><br><i>Director of Information</i>         | 0 – 5<br>plus lump sum of<br>10 – 15                                       | 0 – 2.5<br>plus lump sum of<br>0 – 2.5                           | 74                       | 58                       | 11                             | N/A   |
| <b>Seamus McIlroy</b><br><i>Director of Legal Services</i>  | 0 – 5  | 0 – 2.5  | 38                       | 28                       | 5                              | N/A   |
| <b>Non Executive Audit Committee Members</b>                |  |  |                          |                          |                                |   |
| Edward Gaw  | N/A  | N/A  | N/A                      | N/A                      | N/A                            | N/A   |
| Vilma Patterson   | N/A  | N/A  | N/A                      | N/A                      | N/A                            | N/A   |

### 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 2015 (nil for the year ended 31 March 2014).

## 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 2015 (nil for the year ended 31 March 2014).

## Off Payroll Payments

The Office had no off-payroll engagements during the year to 31 March 2015. None in the financial year ended March 2014.

## Departure Costs and Compensation Payments

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in the full year of departure. There were no redundancy or other departure costs for the year ended 31 March 2015. During the year ended 31 March 2014 there was one voluntary redundancy. The position of Director of Research and Performance was suppressed as part of wider cost saving measures. Mr G Mullan left the Office on 31 January 2014 and received immediate payment of his pension and lump sum plus a compensation payment of £25 – 30k. There were no other redundancy or other departure costs incurred during the year to 31 March 2014.

## Voluntary Exit Scheme

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 does not apply.

## Pay Multiples

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

The Police Ombudsman for Northern Ireland is the highest paid official within the Office. No employee of the Office of the Police Ombudsman received remuneration in excess of the Police Ombudsman during either the year ended 31 March 2015 or the year ended 31 March 2014. His total remuneration was £132,613 for the year ended 31 March 2015 (note 4.4). Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer contributions or the cash equivalent transfer value of pensions. The total remuneration of the Police Ombudsman was 4.13 times the median remuneration of the workforce of £32,082. The total remuneration for the Police Ombudsman for the year ended 31 March 2014 was £131,300 which was 4.10 times the median remuneration of the workforce of £32,024.

The pay multiple has remained virtually unchanged from 4.10 for the year ended 31 March 2014 to 4.13 for the year ended 31 March 2015. The reason for this is that over the course of the financial year there have not been significant movements in the profile of staff. Similarly although the pay arrangements for the Ombudsman are based on the judicial scale and those for staff in the Office are based on NICS pay scales the overall levels of increases are broadly similar.

## 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 are eligible for membership of the nuvos arrangement or they can opt 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, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move 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.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

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          | From 1 April 2015 to 31 March 2016   | From 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 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

### Cash Equivalent Transfer Values

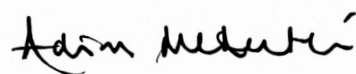
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the

pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

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

### Real increase in CETV

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



**Adrian McAllister**  
Chief Executive

8 June 2015

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

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

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

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

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

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

# Governance Statement

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## 1. SCOPE OF RESPONSIBILITY

The Office of the Police Ombudsman for Northern Ireland provides an independent impartial police complaints system for the people and police of Northern Ireland. It investigates complaints against the Police Service of Northern Ireland (PSNI), the Belfast Harbour Police, the Larne Harbour Police, the Belfast International Airport Police, 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 2014 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 2015 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. KPMG, Chartered Accountants currently undertake audit fieldwork on behalf of the NIAO on an outsourced basis.

### Governance Arrangements

The Office has an established set of arrangements for Corporate Governance. The Corporate Governance Arrangements document was approved and endorsed by the Police Ombudsman, the Senior Management Team and the Office's Audit 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 in April 2013 and provided satisfactory assurance as to the operation of risk management and corporate governance within the Office. There have been no substantive changes to the Corporate Governance Arrangements since that date.

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

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

### Conflicts of Interest

A standing item of Conflicts of Interest is included at the start of all Audit 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. There were no identified conflicts of interest during the course of the year ended 31 March 2015. In the year to 31 March 2014 one conflict of interest was reported in the Audit and Risk Committee where the member concerned identified the conflict of interest and withdrew from the meeting for the duration of the related discussion. There were no conflicts of interest declared in SMT meetings. A Conflict of Interest policy for all staff was approved by SMT in April 2013 and mandatory training for all staff delivered between October 2013 and January 2014.

## 4. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

## 5. REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

### Senior Management Team (SMT)

The Senior Management Team, which I chair, meets on a regular basis throughout the year. During the financial year there were 7 such SMT meetings held. These meetings are designed to ensure the effective management of the day to day operation of the Office and to ensure effective progress against the objectives and targets of the Annual Business Plan. The Police Ombudsman normally attends SMT meetings. On a bi-annual basis, the SMT meeting is expanded to include all functional members within the Office. In addition to the formal SMT I meet regularly on an informal basis with all Directors in

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

|   |   |
|---|---|
| Michael Maguire, Police Ombudsman,                | 7 |
| Adrian McAlister, Chief Executive,                | 7 |
| Brian Doherty, Director of Current Investigation, | 6 |
| Paul Holmes, Director of Historic Investigation,  | 6 |
| Olwen Laird, Director of Corporate Services,      | 6 |
| Tim Gracey, Director of Information,              | 6 |
| Seamus McIlroy, Director of Legal Services        | 6 |

### Audit and Risk Committee

The Audit and Risk Committee met on five times in total across the year, in four quarterly meetings and in an additional meeting held to approve the Annual Report and Accounts for the year ended 31 March 2015.

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

|   |   |
|---|---|
| Vilma Patterson, Non Executive member,      | 5 |
| Eddie Gaw, Non Executive member,            | 1 |
| Michael Maguire, Police Ombudsman           | 4 |
| Adrian McAllister, Chief Executive          | 5 |
| Olwen Laird, Director of Corporate Services | 5 |
| ASM, Internal Auditor                       | 5 |
| DOJ, Sponsor Department                     | 4 |
| NIAO, External Auditor                      | 5 |
| KPMG, External Audit Contractor             | 4 |

In addition, Bernard Mitchell and Frank Bryan attended the Audit and Risk Committee Meeting held in January 2015 in an observing capacity. This was the final meeting for the outgoing non executive members of the Audit and Risk Committee, Vilma Patterson and Eddie Gaw.

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 2015 has

confirmed that the Audit and Risk Committee was operated effectively across the financial year.

### Department of Justice sponsor arrangements

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

There were no ministerial directions given during the financial year.

### Risk management

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

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

- A risk that the budget resource provided to the Office will be insufficient to enable the Office to function effectively in the delivery of its statutory duty,
- A risk specifically that the Significant Cases Team within the Office will not have adequate resources to investigate a portfolio that includes both post 1998 historical enquiries and contemporary critical incidents, and
- A risk that the establishment of a new Historic Investigations Unit (HIU) under the Stormont

House Agreement will 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 discussion, during the formal quarterly governance meetings and through the submission of two separate business cases for additional resources, one for additional monies to address pressures in Historic work and the other for additional monies to address pressures in Current work, including significant cases.

In June 2011 Criminal Justice Inspection Northern Ireland (CJI) carried out an inspection in the Office and made a number of recommendations in relation to the Historic work of the Office. In January 2013 CJI carried out a follow up inspection on the progress made to address the recommendations made to date. In September 2014 an independent review by CJI of processes within the Office for the investigation and publication of reports on historical cases found that the independence of the Office has been fully restored.

The Office treats information security as an ongoing priority. A disagreement with the previous Chief Constable regarding our access to sensitive material held by the police was resolved by agreement with the new Chief Constable. There were no significant security lapses during the year, neither were there any personal data related or other loss of data.

During 2014-15 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

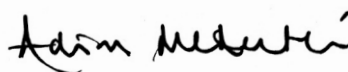
There were no significant internal control issues identified during the year.

## 7. ACCOUNTING OFFICER STATEMENT ON ASSURANCE

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

- the Annual Internal Audit Assurance Report which encompasses:
  - satisfactory assurance in relation to
    - Complaints and Investigations (satisfactory assurance)
    - Legal Services (satisfactory assurance)
    - Sage Payroll System (satisfactory assurance)
  - and substantial assurance in relation to
    - Purchasing, procurement and contract management
- the Audit and Risk Committee Annual Report.
- the system of risk management within the Office.

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



**Adrian McAllister**  
**Accounting Officer**

8 June 2015

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

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

I certify that I have audited the financial statements of the Police Ombudsman for Northern Ireland for the year ended 31 March 2015 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 that is described in that report as having been audited.

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

As explained more fully in the Statement of the Police Ombudsman for Northern Ireland and Chief Executive's Responsibilities, the 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 Directors' Report, Strategic Report and the Remuneration 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 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 Regularity

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

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## Opinion on the Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Police Ombudsman for Northern Ireland's affairs as at 31 March 2015 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

## Opinion on other matters

In my opinion:

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

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.



### **KJ Donnelly**

Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU  
25 June 2015

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

|   | Note | 2014-15<br>£     | 2013-14<br>£     |
|---|------|------------------|------------------|
| <b>Expenditure</b>  |      |                  |                  |
| Staff costs   | 4    | 6,475,189        | 6,738,350        |
| Depreciation/amortisation   | 5    | 640,646          | 507,848          |
| Other expenditure   | 5    | 1,865,116        | 2,256,715        |
| <b>Net expenditure</b>  |      | <b>8,980,951</b> | <b>9,502,913</b> |
| <b>Other Comprehensive Net Expenditure</b>                              |      |                  |                  |
| <i>Items that will not be reclassified to net operating costs:</i>      |      |                  |                  |
| Net (gain) on revaluation of Property Plant and Equipment               | 6    | (691)            | (1,418)          |
| Net loss on revaluation of Intangibles                                  | 7    | 726              | 12,482           |
| <b>Total Comprehensive Expenditure for the year ended 31 March 2015</b> |      | <b>8,980,986</b> | <b>9,513,977</b> |

The notes on pages 50 - 69 form part of these accounts.

## Statement of Financial Position as at 31 March 2015

|  | Note | As at 31 March<br>2015<br>£ | As at 31 March<br>2014<br>£ |
|--|------|-----------------------------|-----------------------------|
| <b>Non-current assets:</b>                   |      |                             |                             |
| Property, plant and equipment                | 6    | 692,100                     | 728,164                     |
| Intangible assets                            | 7    | 631,290                     | 828,698                     |
| Trade and other receivables                  | 8    | 5,469                       | 15,515                      |
| <b>Total non-current assets</b>              |      | <b>1,328,859</b>            | <b>1,572,377</b>            |
| <b>Current assets:</b>                       |      |                             |                             |
| Trade and other receivables                  | 8    | 224,967                     | 108,561                     |
| Cash and cash equivalents                    | 9    | 188,289                     | 189,291                     |
| <b>Total current assets</b>                  |      | <b>413,256</b>              | <b>297,852</b>              |
| <b>Total assets</b>                          |      | <b>1,742,115</b>            | <b>1,870,229</b>            |
| <b>Current liabilities:</b>                  |      |                             |                             |
| Trade and other payables                     | 10   | (665,073)                   | (585,701)                   |
| <b>Total current liabilities</b>             |      | <b>(665,073)</b>            | <b>(585,701)</b>            |
| <b>Total assets less current liabilities</b> |      | <b>1,077,042</b>            | <b>1,284,528</b>            |
| <b>Non-current liabilities:</b>              |      |                             |                             |
| Provisions                                   | 11   | (66,500)                    | (74,000)                    |
| <b>Total non-current liabilities</b>         |      | <b>(66,500)</b>             | <b>(74,000)</b>             |
| <b>Assets less liabilities</b>               |      | <b>1,010,542</b>            | <b>1,210,528</b>            |
| <b>Taxpayers' Equity:</b>                    |      |                             |                             |
| General reserve                              |      | 689,470                     | 889,421                     |
| Revaluation reserve                          |      | 321,072                     | 321,107                     |
|  |      | <b>1,010,542</b>            | <b>1,210,528</b>            |

The notes on pages 50 to 69 form part of these accounts.

The financial statements on pages 46 to 69 were approved and authorised for issue by:



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

8 June 2015



## Statement of Cash Flows for the year ended 31 March 2015

|  | Note | 2014-15<br>£       | 2013-14<br>£       |
|--|------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>  |      |                    |                    |
| Net Expenditure for the year   |      | (8,980,951)        | (9,502,913)        |
| Adjustment for non-cash transactions   | 5    | 383,870            | 474,424            |
| (Increase)/decrease in trade and other receivables   | 8    | (106,360)          | 64,530             |
| Increase in trade payables   | 10   | 79,372             | 44,901             |
| Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure | 6,7  | (28,081)           | (38,364)           |
| Use of provisions  | 11   | (58,6782)          | (70,842)           |
| <b>Net cash outflow from operating activities</b>  |      | <b>(8,710,828)</b> | <b>(9,028,264)</b> |
| <b>Cash flows from investing activities</b>  |      |                    |                    |
| Purchase of property, plant and equipment  | 6    | (52,195)           | (266,988)          |
| Purchase of intangible assets  | 7    | (18,979)           | (183,570)          |
| <b>Net cash outflow from investing activities</b>  |      | <b>(71,174)</b>    | <b>(450,558)</b>   |
| <b>Cash flows from financing activities</b>  |      |                    |                    |
| Grant-in-Aid to fund resource expenditure  |      | 8,671,000          | 9,060,000          |
| Grant-in-Aid to fund capital expenditure   |      | 110,000            | 496,000            |
| <b>Net financing</b>   |      | <b>8,781,000</b>   | <b>9,556,000</b>   |
| <b>Net increase in cash and cash equivalents in the period</b>   | 9    | <b>(1,002)</b>     | <b>77,178</b>      |
| <b>Cash and cash equivalents at the beginning of the period</b>  | 9    | <b>189,291</b>     | <b>112,113</b>     |
| <b>Cash and cash equivalents at the end of the period</b>  | 9    | <b>188,289</b>     | <b>189,291</b>     |

The notes on pages 50 to 69 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

|  | Note | General Reserve Restated<br>£ | Revaluation Reserve<br>£ | Total Reserves Restated<br>£ |
|--|------|-------------------------------|--------------------------|------------------------------|
| <b>Balance at 1 April 2013</b>                                   |      | <b>836,334</b>                | <b>332,171</b>           | <b>1,168,505</b>             |
| <b>Changes in taxpayers' equity for 2013-14</b>                  |      |                               |                          |                              |
| Revaluation gain on revaluation of property, plant and equipment | 6    | -                             | 1,418                    | 1,418                        |
| Revaluation gain of intangible assets (CHS)                      | 7    | -                             | (12,482)                 | (12,482)                     |
| Comprehensive expenditure for the year                           |      | (9,502,913)                   | -                        | (9,502,913)                  |
| <b>Total recognised expenses for 2013-14</b>                     |      | <b>(9,502,913)</b>            | <b>(11,064)</b>          | <b>(9,513,977)</b>           |
| Grant-in-Aid to fund resource expenditure                        |      | 9,060,000                     | -                        | 9,060,000                    |
| Grant-in-Aid to fund capital expenditure                         |      | 496,000                       | -                        | 496,000                      |
| <b>Total recognised funding for 2013-14</b>                      |      | <b>9,556,000</b>              | <b>-</b>                 | <b>9,556,000</b>             |
| <b>Balance at 31 March 2014</b>                                  |      | <b>889,421</b>                | <b>321,107</b>           | <b>1,210,528</b>             |
| <b>Changes in taxpayers' equity for 2014-15</b>                  |      |                               |                          |                              |
| Revaluation gain on items of property, plant and equipment       | 6    | -                             | 691                      | 691                          |
| Revaluation loss of intangible assets (CHS)                      | 7    | -                             | (726)                    | (726)                        |
| Comprehensive expenditure for the year                           |      | (8,980,951)                   | -                        | (8,980,951)                  |
| <b>Total recognised expense for 2014-15</b>                      |      | <b>(8,980,951)</b>            | <b>(35)</b>              | <b>(8,980,986)</b>           |
| Grant-in-Aid to fund resource expenditure                        |      | 8,671,000                     | -                        | 8,671,000                    |
| Grant-in-Aid to fund capital expenditure                         |      | 110,000                       | -                        | 110,000                      |
| <b>Total recognised funding for 2014-15</b>                      |      | <b>8,781,000</b>              | <b>-</b>                 | <b>8,781,000</b>             |
| <b>Balance at 31 March 2015</b>                                  |      | <b>689,470</b>                | <b>321,072</b>           | <b>1,010,542</b>             |

The notes on pages 50 to 69 form part of these accounts.

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

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

## Notes to the Accounts

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### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the Accounts Direction issued by the Department of Justice and in line with the 2014-15 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 2015 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 for a further five years.

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

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

Property, plant and equipment is reviewed annually for impairment.

## 1.5 Depreciation

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

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

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

## 1.6 Intangible assets

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

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

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

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

### 1.7 Pension costs

Past and present employees are covered by the Northern Ireland Civil Service (NICS) Pension arrangements which are described in the Remuneration Report on pages 30 to 36 and in note 4. The defined benefit elements of the schemes are unfunded. The organisation recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the 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.

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## 1.11 Financial Instruments

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

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

### 1.11.1 Financial assets

#### *Trade and other receivables*

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

#### *Cash and cash equivalents*

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

#### *Impairment of financial assets*

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

### 1.11.2 Financial Liabilities

#### *Trade and other payables*

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

## 1.12 Employee benefits

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

## 1.13 Critical accounting estimates and key judgements

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

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

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

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

### 2. Amortisation of intangible assets

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

### 3. Provisions

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

## 1.14 Accounting standards, interpretations and amendments to published standards and FReM - issued and effective in 2014-15 for the first time

| Standard   | Comments  |
|--|---|
| <i>IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 27 - Separate Financial Statements, IAS 28 - Investments in Associates and Joint Ventures</i> | <p>The International Accounting Standards Board (IASB) have issued new and amended Standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities. 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 Treasury. A review of the Northern Ireland (NI) financial process, which will bring NI departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. 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> <p>With the continuation of current adaptations, the impact on departments mainly relates to the disclosure requirements under IFRS 12.</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 2014-15. 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 2015 or later periods, but which the Office has not adopted early. Other than as outlined in the below, the Office considers that these standards are not relevant to its operations.

|                                |  |
|--------------------------------|--|
| <b>Standard</b>                | IFRS 13 - <i>Fair Value Measurement (new)</i>  |
| <b>Description of revision</b> | <p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise).</p> <p>The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements. The Standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset / liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on.</p> <p>To ensure transparency over the differing quality of inputs used to determine fair value, the Standard has established a hierarchy for input quality. Level 1 inputs (highest quality) are published prices available in an active market; Level 2 inputs are observable data available in a non-active market; and Level 3 inputs (lowest quality) are all other inputs, which are mostly unobservable.</p> <p>Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.</p> <p>IFRS 13 requires additional disclosures where Level 3 inputs are used to assess fair value, to give readers an understanding of the sensitivity of the valuation to changes in those inputs.</p> |
| <b>Effective date</b>          | 1 January 2013 (EU adopted) - FReM 2015-16   |
| <b>Comments</b>                | Although IFRS 13 is applied without adaptation, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.   |



|                                |   |
|--------------------------------|---|
| <b>Standard</b>                | IAS 36 - <i>Impairment of assets - recoverable amount disclosures</i> (amendment)   |
| <b>Description of revision</b> | This amendment, which seeks to address the implications of references to IFRS 13 - 'Fair Value Measurement', modifies some of the disclosure requirements regarding measurement of the recoverable amount of impaired assets. It clarifies the scope of certain disclosures and removes burdensome and unintended disclosures requirements without reducing the relevance and understandability of the financial information. |
| <b>Effective date</b>          | 1 January 2014 (EU adopted) – with a view to include in the final version of the 2015-16 FReM (subject to review).  |
| <b>Comments</b>                | To be considered by HM Treasury with the expectation that it will be applied when IFRS 13 is introduced in the FReM. Any adaptations or interpretations will follow due process and be included in the final version of 2015-16 FReM.   |

### 1.16 Financial Reporting - Future Developments

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

|                                |   |
|--------------------------------|---|
| <b>Standard</b>                | IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 replacement - <i>Revenue Recognition and Liabilities Recognition</i> )   |
| <b>Description of revision</b> | The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs. |
| <b>Effective date</b>          | 1 January 2017 (not yet EU adopted) but could be 1 January 2018. With a view to include in the 2017-18 FReM (subject to EU adoption and consultation).  |
| <b>Comments</b>                | The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. A work plan recently began to assess the impact on the public sector.  |

|                                |   |
|--------------------------------|---|
| <b>Standard</b>                | IFRS 9 - <i>Financial Instruments</i> (new)   |
| <b>Description of revision</b> | The objective of the new Standard is to provide users with more useful information about an entity's expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments. |
| <b>Effective date</b>          | 1 January 2018 (not yet EU adopted). With a view to include in the 2018-19 FReM (subject to EU adoption and consultation).  |
| <b>Comments</b>                | The introduction of IFRS 9 is subject to analysis and review by HM Treasury and the other Relevant Authorities. A work plan recently began to assess the impact on the public sector.   |

|                                |   |
|--------------------------------|---|
| <b>Standard</b>                | IAS 17 replacement - <i>Leases</i>  |
| <b>Description of revision</b> | <p>The current proposals include the elimination of the current operating lease categorisation for virtually all leases. Instead, assets and liabilities will be recognised on a 'right of use' basis. Two possible exemptions are anticipated, one being for short leases (less than 1 year) and the second being for small value assets.</p> <p>The latest update emphasises that service contracts are not required to be capitalised on the balance sheet and that the new Standard will include accompanying guidance to help entities assess whether a contract is (or contains) a lease.</p> |
| <b>Effective date</b>          | The IASB plans to issue the new Standard before the end of 2015. FReM inclusion will be subject to consultation when the new Standard is issued.  |
| <b>Comments</b>                | HM Treasury has continued to analyse this process including the project update and consideration of practical implications. HM Treasury and the Relevant Authorities will review the implications and follow due process once there is a final Standard.  |
| <b>Standard</b>                | IAS 1 - <i>Disclosure Initiative</i> (amendment)  |
| <b>Description of revision</b> | These amendments encourage professional judgement to be used in determining what information to disclose in financial statements, and where and in what order information is presented in the financial disclosures. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.  |
| <b>Effective date</b>          | 1 January 2016 (not yet EU adopted). With a view to include in the 2016-17 FReM (subject to EU adoption and review).  |
| <b>Comments</b>                | HM Treasury and the other Relevant Authorities will review the implications of this amendment and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will follow normal due process.  |
| <b>Standard</b>                | IAS 16 and IAS 38 - <i>Clarification of acceptable methods of depreciation and amortisation</i> (amendment)   |
| <b>Description of revision</b> | This amendment prohibits revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortising intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.   |
| <b>Effective date</b>          | 1 January 2016 (not yet EU adopted). With a view to include in the 2016-17 FReM (subject to EU adoption and review).  |
| <b>Comments</b>                | HM Treasury and other Relevant Authorities will review the implications of these changes and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will follow normal due process.   |

The Office has considered the remaining additional or revised accounting standards and new (or amendments to) interpretations contained within FReM 2015-16. The Office considers that these changes are not relevant to its operations.

## 2 Financial Targets

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

## 3 Analysis of Net Expenditure by Segment

|  | Core<br>Investigations<br>£ | Historic<br>Investigations<br>£ | Total<br>£       |
|--|-----------------------------|---------------------------------|------------------|
| <b>Comprehensive expenditure 2014-15</b> | <b>6,921,634</b>            | <b>2,059,317</b>                | <b>8,980,951</b> |
| Comprehensive expenditure 2013-14        | 7,456,726                   | 2,046,187                       | 9,502,913        |

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

## 4 Staff numbers and related costs

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

|  | 2014-15<br>£     | 2013-14<br>£     |
|--|------------------|------------------|
| <b>Amounts payable in respect of directly employed staff</b>   |                  |                  |
| Wages and salaries   | 3,975,100        | 4,221,800        |
| Social security costs  | 318,320          | 338,792          |
| Employer's pension contributions   | 788,516          | 810,960          |
| <b>Total direct employee staff costs</b>   | <b>5,081,936</b> | <b>5,371,552</b> |
| Less recoveries in respect of outward secondments  | (23,668)         | -                |
| <b>Total staff costs</b>   | <b>5,058,268</b> | <b>5,371,552</b> |
| <b>Amounts payable in respect of staff on secondment, agency/temporary staff, and contract staff</b> | <b>1,416,921</b> | <b>1,366,798</b> |
| <b>Total staff costs</b>   | <b>6,475,189</b> | <b>6,738,350</b> |

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

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

|   | 2014-15<br>No. | 2013-14<br>No. |
|---|----------------|----------------|
| <b>Directly employed Police Ombudsman staff</b>             |                |                |
| Management and executive                                    | 6              | 7              |
| Administrative and support staff                            | 28             | 31             |
| Complaints and investigation staff                          | 81             | 82             |
| <b>Seconded, agency/temporary and contract staff</b>        |                |                |
| Management and executive                                    | 1              | 1              |
| Administrative and support staff                            | 5              | 6              |
| Complaints and investigation staff                          | 26             | 24             |
| <b>Total average number of full time equivalent persons</b> | <b>147</b>     | <b>151</b>     |

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

|                                      | 2014-15                           |                                   |  | 2013-14                           |                                   |  |
|--------------------------------------|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
|                                      | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| £25,000 - £50,000                    | -                                 | -                                 | -  | -                                 | 1                                 | 1  |
| <b>Total number of exit packages</b> | -                                 | -                                 | -  | -                                 | <b>1</b>                          | <b>1</b>                                   |
| <b>Total resource cost £</b>         | -                                 | -                                 |  | -                                 | <b>25 - 30k</b>                   |  |

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in the full year of departure. There were no redundancy or other departure cost incurred during the year to 31 March 2015. During the year to 31 March 2014 there was one voluntary redundancy agreement. The post of the Director of Research and Performance was suppressed as part of wider cost saving measures. Mr G Mullan left the Office on 31 January 2014 and received immediate payment of his pension and lump sum plus a compensation payment of £25 - 30k. There were no other redundancy or other departure costs incurred during the year to 31 March 2014.

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#### 4.4 Police Ombudsman's Remuneration

During the year the Police Ombudsman's total remuneration, including benefits in kind, but excluding pension contributions, was £132,613. His total remuneration during the year ended 31 March 2014 was £131,300.

The Police Ombudsman received no benefits in kind during the year (£ Nil for the year ended 31 March 2014).

The Police Ombudsman is a member of the Northern Ireland Civil Service (NICS) Pension arrangements. For the year ended 31 March 2015, £33,153 was payable in respect of the Police Ombudsman's pension contributions by the Office. For the year ended 31 March 2014 an amount of £32,825 was payable. Further details on the NICS pension arrangements can be found in the remuneration report on pages 30 to 36.

#### 4.5 Pensions

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 2015.

For the year ended 31 March 2015, employers' contributions of £879,181 were payable to the NICS pension arrangements (£870,103 for the year ended 31 March 2014) at one of four rates in the range 18% to 25% 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 a new career average earning scheme from April 2015. From 2015-16 the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account which is a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. Additionally 0.8% of pensionable pay is payable by employers to cover the cost of the future provision of lump sum benefits of death in service and ill health retirements of these employees. There were no employer's contributions paid or due to be paid to the appointed stakeholder pension providers during the year (£nil for the year ended 31 March 2014).

There were no ill health retirements for the year ended 31 March 2015 (nil for the year ended 31 March 2014.)

The Remuneration Report on pages 30 to 36 contains detailed pension information.

## 5 Other Expenditure

|   | Note | 2014-15   |                  | 2013-14  |                  |
|---|------|-----------|------------------|----------|------------------|
|   |      | £         | £                | £        | £                |
| Travel and subsistence  |      | 107,538   |                  | 116,924  |                  |
| Training, recruitment and other personnel costs               |      | 503,984   |                  | 434,478  |                  |
| Rates, maintenance, electricity and other accommodation costs |      | 454,792   |                  | 543,568  |                  |
| Consultancy and legal costs                                   |      | 18,243    |                  | 33,810   |                  |
| Information and media   |      | 75,708    |                  | 103,442  |                  |
| Printing, stationery, postage and office equipment            |      | 84,222    |                  | 112,813  |                  |
| Direct case investigation costs                               |      | 73,561    |                  | 62,717   |                  |
| Computer support including maintenance and telecommunications |      | 420,905   |                  | 435,830  |                  |
| Other costs   |      | 59,851    |                  | 93,157   |                  |
| Operating leases - photocopying machines                      |      | 4,215     |                  | 5,308    |                  |
| Operating leases - other (rent & car leases)                  |      | 306,173   |                  | 335,992  |                  |
| External audit fee  |      | 12,700    |                  | 12,100   |                  |
|   |      |           | 2,121,892        |          | 2,290,139        |
| <b>Non cash items:</b>  |      |           |                  |          |                  |
| Provisions - provided in year                                 | 11   | 84,440    |                  | 51,398   |                  |
| Provisions - released in year not required                    | 11   | (33,262)  |                  | (20,139) |                  |
| Depreciation and amortisation of assets:                      |      |           |                  |          |                  |
| Property, plant and equipment                                 | 6    | 418,389   |                  | 300,132  |                  |
| Intangible assets   | 7    | 222,257   |                  | 207,716  |                  |
| Revaluation of assets – losses/(gains)                        |      |           |                  |          |                  |
| Property, plant and equipment                                 | 6    | (308,219) |                  | (69,885) |                  |
| Intangible assets   | 7    | 265       |                  | 1,441    |                  |
| Disposals of assets - write-off                               |      |           |                  |          |                  |
| Property, plant and equipment                                 | 6    | -         | 383,870          | 3,761    | 474,424          |
| <b>Total expenditure</b>                                      |      |           | <b>2,505,762</b> |          | <b>2,764,563</b> |

## 6 Property, plant and equipment

| 2014-15                                | Buildings, leasehold improvements<br>£ | Furniture & fittings<br>£ | Information technology<br>£ | Total<br>£       |
|--|--|---------------------------|-----------------------------|------------------|
| <b>Cost or valuation</b>               |  |                           |                             |                  |
| At 1 April 2014                        | 320,000                                | 418,948                   | 1,032,832                   | <b>1,771,780</b> |
| Additions                              | (6,460)                                | 56,489                    | 23,386                      | <b>73,415</b>    |
| Revaluation                            | (11,540)                               | 2,940                     | (959)                       | <b>(9,559)</b>   |
| Disposals                              | 0                                      | -                         | (112,859)                   | <b>(112,859)</b> |
| <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                        | -                                      | 341,182                   | 702,434                     | <b>1,043,616</b> |
| Charged in year                        | 320,000                                | 21,285                    | 77,104                      | <b>418,389</b>   |
| Revaluations/Back log                  | (320,000)                              | 2,249                     | (718)                       | <b>(318,469)</b> |
| Disposals                              | -                                      | -                         | (112,859)                   | <b>(112,859)</b> |
| <b>At 31 March 2015</b>                | <b>-</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          |

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

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

IAS 16 requires measurement at fair value. Management considers open market value to be the best available estimate of fair value. Leasehold improvements have been valued by the Land and Property Services (Valuations) on the existing use basis at £302,000 as at 31 March 2015 (£320,000 as at 31 March 2014). The open market valuation at that date was £nil (£nil at 31 March 2014).

All other assets were re-valued on the basis of the latest available indices as at 31 March 2015. This has resulted in an increase in valuation of £308,556 as at 31 March 2015, which has been analysed below.

| Analysis of property,<br>plant and equipment revaluations | 2014-15                |   | 2013-14                |   |
|---|------------------------|---|------------------------|---|
|   | Revaluation<br>Reserve | Comprehensive<br>Expenditure<br>Account | Revaluation<br>Reserve | Comprehensive<br>Expenditure<br>Account |
|   | £                      | £                                       | £                      | £                                       |
| Buildings - leasehold improvements                        | -                      | 308,460                                 | -                      | 72,085                                  |
| Fixtures & fittings                                       | 691                    | -                                       | 1,418                  | -                                       |
| Information technology                                    | -                      | (241)                                   | -                      | (2,200)                                 |
|   | <b>691</b>             | <b>308,219</b>                          | <b>1,418</b>           | <b>69,885</b>                           |

| Analysis of property, plant and equipment payments          | Note | 2014-15       | 2013-14<br>£   |
|---|------|---------------|----------------|
| Property, plant and equipment additions                     |      | 73,415        | 297,282        |
| Increase in accruals related to property, plant & equipment | 10   | (21,220)      | (30,294)       |
| Total cash payments for property, plant and equipment       |      | <b>52,195</b> | <b>266,988</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).

| 2014-15                                | Information technology,<br>case handling system<br>£ | Software<br>licences<br>£ | Total<br>£       |
|--|--|---------------------------|------------------|
| <b>Cost or valuation</b>               |  |                           |                  |
| At 1 April 2014                        | 1,539,965  | 525,377                   | <b>2,065,342</b> |
| Additions                              | 8,859  | 16,981                    | <b>25,840</b>    |
| Revaluation                            | (1,563)  | (525)                     | <b>(2,088)</b>   |
| Disposals                              | -  | (11,972)                  | <b>(11,972)</b>  |
| <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 2013                        | 981,792  | 254,852                   | <b>1,236,644</b> |
| Charged in year                        | 173,998  | 48,259                    | <b>222,257</b>   |
| Revaluation/Back log                   | (837)  | (260)                     | <b>(1,097)</b>   |
| Disposals                              | -  | (11,972)                  | <b>(11,972)</b>  |
| <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          |

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

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 2015. This has resulted in an decrease in valuation of £991 at 31 March 2015, which has been analysed below.

| Analysis of intangible asset revaluations     | 2014-15                  |  | 2013-14                  |  |
|---|--------------------------|--|--------------------------|--|
|   | Revaluation Reserve<br>£ | Comprehensive Expenditure Account<br>£ | Revaluation Reserve<br>£ | Comprehensive Expenditure Account<br>£ |
| Information technology (case handling system) | (726)                    | -                                      | (12,482)                 | -                                      |
| Software licences                             | -                        | (265)                                  | -                        | (1,441)                                |
|   | <b>(726)</b>             | <b>(265)</b>                           | <b>(12,482)</b>          | <b>(1,441)</b>                         |

| Analysis of intangibles payments            | Note | 2014-15<br>£  | 2013-14<br>£   |
|---|------|---------------|----------------|
| Intangibles additions                       |      | 25,840        | 191,640        |
| Increase in accruals related to intangibles | 10   | (6,861)       | (8,070)        |
| <b>Total cash payments for intangibles</b>  |      | <b>18,979</b> | <b>183,570</b> |

## 8 Trade receivables and other current assets

|  | 2014-15<br>£   | 2013-14<br>£   |
|--|----------------|----------------|
| <b>Amounts falling due within one year:</b>          |                |                |
| Deposits and advances                                | 1,065          | 2,996          |
| Prepayments and accrued income                       | 223,902        | 105,565        |
|  | <b>224,967</b> | <b>108,561</b> |
| <b>Amounts falling due after more than one year:</b> |                |                |
| Prepayments and accrued income                       | 5,469          | 15,515         |
| <b>Total</b>   | <b>230,436</b> | <b>124,076</b> |

## 9 Cash and cash equivalents

|  | 2014-15<br>£   | 2013-14<br>£   |
|--|----------------|----------------|
| Balance as at 1 April                    | 189,291        | 112,113        |
| Net changes in cash and cash equivalents | (1,002)        | 77,178         |
| <b>Balance at 31 March</b>               | <b>188,289</b> | <b>189,291</b> |
| The following balances were held at:     |                |                |
| Commercial banks and cash in hand        | 188,289        | 189,291        |
| <b>Balance at 31 March</b>               | <b>188,289</b> | <b>189,291</b> |

## 10 Trade payables and other current liabilities

|   | 2014-15<br>£   | 2013-14<br>£   |
|---|----------------|----------------|
| <b>Amounts falling due within one year:</b> |                |                |
| Trade payables                              | 54,265         | 125,490        |
| Other taxation and social security          | 4,733          | 5,850          |
| Employee Benefit Accrual                    | 144,271        | 168,936        |
| Accruals and deferred income                | 461,804        | 285,425        |
| <b>Total</b>                                | <b>665,073</b> | <b>585,701</b> |

Trade payables and other current liabilities include an Inter-Governmental balance of £13,010 (£11,069 in 2013-14) with Forensic Science Northern Ireland (FSNI), one of £50,056 (£40,726 in 2013-14) with the Department of Finance and Personnel (DFP), one of £631 (£8,811 in 2013-14) with the Department of Justice (DOJ), one of £1,833 (£239 in 2013-14) with the Department for Regional Development (DRD), one of £8,982 (£nil in 2013-14) with the Department of the Environment (DOE), one of £nil (£12,143 in 2013-14) with the Department of Enterprise, Trade and Investment, and one of £637 (£nil in 2013-14) with the Department of Social Development (DSD).

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

## 11 Provisions for liabilities and charges

|                                      | 2014-15<br>£  | 2013-14<br>£  |
|--------------------------------------|---------------|---------------|
| Balance at 1 April                   | 74,000        | 113,583       |
| Provided in the year                 | 84,440        | 51,398        |
| Provisions not required written back | (33,262)      | (20,139)      |
| Provisions utilised in the year      | (58,678)      | (70,842)      |
| <b>Balance at 31 March</b>           | <b>66,500</b> | <b>74,000</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 2015 the Office had ongoing six cases with an overall provision of £66,500. The provision which has been calculated in respect of these matters is £5,000 for one Judicial Review and £61,500 for four civil actions and one employment matter. For five of these cases the provision relates to the legal costs to be incurred in defending these matters, as the expected risk of failure is estimated at 50% or less. For the one remaining case the provision relates to an estimate of damages and related costs where it is considered that there is a risk that the Office may not successfully defend these matters. At 31 March 2014 the provision of £74,000 was in respect of three judicial review matters and five civil actions.

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

## 12 Capital commitments

As at 31 March 2015 the Office of the Police Ombudsman for Northern Ireland had a contracted capital commitment with one supplier amounting to £3,656 (£6,840 as at 31 March 2014).

### 13 Commitments under leases

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

|   | 2014-15<br>£ | 2013-14<br>£   |
|---|--------------|----------------|
| <b>Obligations under operating leases comprise:</b> |              |                |
| <i>Buildings</i>                                    |              |                |
| Not later than one year                             | -            | 282,000        |
| Later than one year and not later than five years   | -            | -              |
| Later than five years                               | -            | -              |
| <i>Other:</i>                                       |              |                |
| Not later than one year                             | 4,053        | 16,854         |
| Later than one year and not later than five years   | 242          | -              |
| Later than five years                               | -            | -              |
| <b>Total</b>  | <b>4,295</b> | <b>298,854</b> |

The Office has leased its current office accommodation under a lease whose initial period expired on 16 March 2015. The Office has been seeking to exercise an option to extend the lease and an extension for a further five years has been negotiated, however formal approval remains outstanding from the Strategic Investment Board of DFP who are responsible for approving all new leases or lease extensions under the Executive's Asset Management Strategy. Therefore currently no obligation has been included under operating leases for the office accommodation.

### 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 2015 the Office of the Police Ombudsman for Northern Ireland had six 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 three cases for which no provision has been made, the estimate of maximum damages and further legal costs that could arise is £482,000 (31 March 2014: £418,500 estimate of maximum damages/legal fees in respect of eight 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 2015.

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

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

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

## 17 Financial instruments

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

## 18 Losses and special payments

There were no losses or special payments for the year to 31 March 2015 (£nil for the year ended 31 March 2014).

## 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 25 June 2015.

## Making a Complaint

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

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

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

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

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

Tel: **028 9082 8600**  
Fax: **028 9082 8615**  
Textphone: **028 9082 8756**  
Email: **info@policeombudsman.org**  
Web: **www.policeombudsman.org**

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

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

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

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

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









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