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# TE MATO AKAMOEAO OMBUDSMAN



## Annual Report 2018/2019

Presented to Parliament pursuant to section 26 of the Ombudsman Act 1984

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Ombudsman Nooapii Tearea (centre), and (from left) Elizabeth Nootai (Senior Investigator), Jeannine Daniel (Deputy Ombudsman), Ethel Pokia (Finance and Administration Officer) and Joyce Ingram (Senior Investigator).



**TE MATO AKAMOEAU**  
**OFFICE OF THE OMBUDSMAN**

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The Honourable Nikki Rattle  
Speaker of the House  
Parliament of the Cook Islands

**RAROTONGA**

Dear Madam,

Pursuant to Section 26 of the Ombudsman Act 1984, I have the honour to present the Annual Report of the Office of the Ombudsman of the Cook Islands for the period 1 June 2018 to 30 June 2019.

I have the honour to be,

Madam,  
Your obedient servant

Nooapii Tearea  
**OMBUDSMAN**

The Hon Vainemakiroa (Mac) Mokoroa, Minister of the Ombudsman's Office  
Mr Russell Thomas, Public Service Commissioner

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## Introduction



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I am proud to present my first annual report as the Ombudsman of the Cook Islands. It is also the first annual report of Te Mato Akamoeau—the Office of the Ombudsman, since 2005.

It is an honour to share with Parliament and the people of the Cook Islands the good work that this Office has done over the past year, and the many years since its inception in 1984.

I honour the work of my esteemed predecessors—Ombudsmen Tangata Simiona, Henry Brown, Andrew Turua, Janet Maki and Tearoa John Tini. Their contributions have helped make the Office what it is today.

The word ‘Ombudsman’ has a long history. It was first used in 1809, when the Swedish Parliament established the office of Justitieombudsmän (Justice Ombudsman), to look after citizens’ interests in their dealings with government. But it is not well-understood. Loosely translated, it means ‘grievance person’. In the Cook Islands we say ‘Te Mato Akamoeau’—meaning ‘peacemaker’, and connoting strength and humility.

Our founding legislation is the Ombudsman Act 1984 (OA), which enables me to investigate the administrative conduct of Government Ministries and Crown Agencies. Our jurisdiction has expanded over the years to encompass complaints under the Official Information Act 2008 (OIA), complaints about unlawful discrimination under the Disability Act 2008, and complaints about Police conduct under the Police Act 2012.

These Acts prescribe the investigative powers and processes of the Ombudsman, but there is some flexibility in the way we operate. Informal approaches to complaint handling have seen early resolution reached in many of our cases (see [Complaints](#)). We have also used alternative dispute resolution approaches; for example, facilitating a family health conference between aggrieved parties and the Rarotonga Hospital team. In other cases, working groups have been set up to address complaints with multiple issues relating to one or more ministries. Extended family groups and community and church groups have also been engaged to seek their support where appropriate.

Sometimes, where no other avenues of assistance have been readily available, the Ombudsman has gone outside the system in order to render assistance to those vulnerable within our communities. For example, in one case, the mother of a child being referred to New

Zealand for medical treatment could not afford to pay for an emergency passport. The Ombudsman applied for funding from the Cook Foundation Charitable Trust to enable the mother's travel.

I am proud of the way that my team does their very best to help people who come to us, who often do not know how else to deal with the situation they find themselves in.

However, my Office does face its challenges. It is a small Office, with limited resources. As discussed in this report, we are dealing with a backlog of aged and complex complaints that will be a key focus for me and my team in the coming year.

In addition, our jurisdiction is so broad that many of the complaints we deal with require specialist knowledge. For example, complaints about the adequacy of medical treatment, or an investigation process by the Police. This is why one of my priorities is to develop strong relationships with specialist complaints bodies like the Health and Disability Commissioner and the Independent Police Conduct Authority in New Zealand (see [International and regional relations](#)).

We are also increasingly called on to take up new roles. In 2007, Cabinet directed the Ombudsman to establish a Human Rights Office, but without providing any additional resources or legislative mandate. In 2011, Cabinet established an Anti-Corruption Committee, which includes the Ombudsman, after ratifying the United Nations (UN) Convention Against Corruption.

Consideration has been given to whether a specialised anti-corruption body might be located within the Office of the Ombudsman.<sup>1</sup> Consideration has also been given to whether the Office might have a role to play in giving effect to the Cook Islands' obligation under the UN Disability Convention, to establish an independent mechanism to '*promote, protect and monitor*' progress in implementing the Convention. My Office could not do any additional functions effectively, without more resources.

There are also challenges to, or actions that undermine, the Ombudsman's jurisdiction from time to time. This manifests most often in delays by ministries and agencies in supplying the information we need to do our job, which is a contributing factor to the backlog of cases discussed above. While my preference is to 'make peace' by informal means wherever possible, I do have the power to compel the provision of information in the context of a formal investigation. I will consider using that power more often in future, if it becomes necessary.

While this was before my time, the Office has also seen the first certificate issued by the Minister of Justice under section 17(1) of the OA. This allows a ministry or agency to avoid an Ombudsman's requirement to provide information, by certifying that compliance might prejudice the security, defence, or international relations of the Cook Islands, or the investigation or detection of offences; or involve the disclosure of confidential Cabinet proceedings or deliberations. Like the whole of our OA, this is based on the equivalent New

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<sup>1</sup> See *Country Review Report of the Cook Islands* 2014 UNODC, page 117, accessed at: [https://www.unodc.org/documents/treaties/UNCAC/CountryVisitFinalReports/2015\\_12\\_08\\_Cook\\_Islands\\_Final\\_Review\\_Report.pdf](https://www.unodc.org/documents/treaties/UNCAC/CountryVisitFinalReports/2015_12_08_Cook_Islands_Final_Review_Report.pdf).

Zealand provision, which to my knowledge has never been used. It seems clear to me that this discretion must be exercised very sparingly, and on a very sound basis.

Lastly, on the matter of challenges, I draw to Parliament's attention the general issue of secrecy clauses in legislation that is passed by the House. It should be noted that, depending on the wording, secrecy clauses may oust the application of the OIA. This may undermine the transparent and accountable conduct of public affairs. My general view is that secrecy clauses are not necessary, because the OIA provides the grounds for protection of official information where that is necessary. I urge caution in the drafting and enacting of secrecy clauses, and would expect my Office to be consulted when they are being considered.

We have accomplished a lot in 2018/19, and we have some important milestones ahead of us. In 2019/20 we look forward to the introduction of a [new Ombudsman Bill](#), the launch of our new website (see [Public awareness](#)), and the implementation of our new case management system, Tama (see [Our information technology](#)). Mostly we look forward to continuing to serve the Parliament and the people of the Cook Islands.

Thank you to Parliament for its ongoing support of this Office, and to the following people, who provided the support that enabled me to deliver this report:

- Deputy Ombudsman Jeannine Daniel and my staff in Te Mato Akamoeau,
- Chief Ombudsman Peter Boshier and his staff in the New Zealand Office of the Ombudsman.

**Nooapii Tearea**  
Ombudsman

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## Our functions



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The Ombudsman has six main functions:

1. investigating maladministration,
2. investigating complaints about access to official information,
3. investigating complaints about unlawful discrimination against disabled people,
4. investigating complaints about Police conduct,
5. acting as Human Rights Office of the Cook Islands, and
6. participating in the Cook Islands Anti-Corruption Committee.

### **Investigating maladministration**

Under the Ombudsman Act 1984 (OA), I investigate ‘maladministration’—a broad term that encompasses biased, neglectful, incompetent and unfair administration by Government Ministries and Crown Agencies. This can be on receipt of a complaint, or on my own initiative.

Where complaints cannot be resolved, I form an independent opinion on whether the conduct at issue was wrong, unreasonable or contrary to law. I can make whatever recommendations I think fit in order to remedy maladministration. I can report to Parliament if appropriate action is not taken on my recommendations.

### **Investigating complaints about access to official information**

The Official Information Act 2008 (OIA) allows people to request information held by Ministers, Ministries and Crown Agencies, including their own personal information. Providing timely access to government-held information helps the public to:

- participate in government decision making,
- understand why decisions were made, and
- hold the government to account.

The principle of availability underpins the OIA, which means that information must be made available on request, unless there is a 'good reason' for withholding it. The Act specifies what these 'good reasons' are.

Under the OIA, I investigate complaints about decisions on OIA requests, including delays and refusals. Where complaints cannot be resolved, I form an independent opinion on the agency's decision. I can make whatever recommendations I think fit. My recommendations are binding, unless vetoed by Order in Council, made by the Queen's Representative.

## **Investigating complaints about Police conduct**

Under the Police Act 2012 (PA), I investigate complaints about:

- alleged misconduct or neglect of duty by the Police, and
- Police practices, policies or procedures that have personally affected the complainant.

Complaints must be made to the Police Commissioner first. Complainants can then come to me if their complaint is not investigated or they are dissatisfied with the outcome.

I can also investigate incidents involving death or serious bodily harm, which must be notified to me by the Police Commissioner.

I can oversee a Police investigation, or defer action on a complaint until the Police have investigated. Complaints may also be resolved by conciliation.

After investigating (or receiving a report of the Police investigation), I form an independent opinion on the conduct or policy complained about, and make whatever recommendations I think fit. I can report to the Solicitor-General and the Minister of Police if appropriate action is not taken on my recommendations.

## **Investigating complaints about unlawful discrimination against disabled people**

The Disability Act 2008 (DA) recognises that disabled people are entitled to the same rights and privileges as any other person. It also makes it unlawful to discriminate against someone because of their disability.

People can complain to me if they believe they have been discriminated against because of their disability. I can deal with these complaints under the DA or the OA.

Under the DA, I can help the parties to reach a settlement or make recommendations after investigating a complaint. In contrast to the OA and OIA, it is possible to complain about private entities under the DA.



## **Acting as the Cook Islands Human Rights Office**

In 2007, Cabinet appointed the Ombudsman to be in charge of the Cook Islands Human Rights Office (CM (07) 694). However, the Ombudsman has been given no additional legal powers or functions. In practice, this means that I will have regard to international human rights standards, and the fundamental human rights and freedoms guaranteed by Article 64 of the Cook Islands Constitution, where relevant when exercising my powers and functions under the OA, the PA and the DA.

## **Participating in the Cook Islands Anti-Corruption Committee**

In 2011, the Government ratified the United Nations Convention Against Corruption (UNCAC) and established an Anti-Corruption Committee. The Committee is tasked with the co-ordination of anti-corruption initiatives, including reporting on progress in implementing UNCAC.

I am part of the Committee, along with the Solicitor-General, Commissioner of Police, Head of the Financial Intelligence Unit, Director of the Cook Islands Audit Office, Financial Secretary of the Ministry of Finance and Economic Management, Public Service Commissioner, and Chief of Staff of the Office of the Prime Minister.

The Committee does not operate under statute. It does not exercise any additional powers other than those already provided to its members, through their particular mandates and functions. In practice, this means that I will have regard to UNCAC where relevant in the exercise of my functions under the OA, OIA, PA and DA.

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## Our achievements

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In this part, I describe our achievements (and challenges) in relation to:

- Complaints
- Public awareness
- Advice and training
- International and regional relations
- Ombudsman Bill

### Complaints

My Office's Strategic Goal 1 is *'to conduct efficient and effective investigations of complaints and systemic reviews'*.

#### Te au tāre (the numbers)

My Office received 35 complaints and enquiries this year, including:

- 12 Ombudsmen Act (OA) matters;
- 8 Official Information Act (OIA) matters;
- 5 Police Act (PA) matters; and
- 10 matters outside my jurisdiction.

My Office completed 34 complaints and enquiries including:

- 16 OA matters;
- 5 OIA matters;

- 4 PA matters; and
- 9 matters outside my jurisdiction.

These numbers are on par with recent years (see [Table 1](#)).

While I have the power to investigate formally (see [Our functions](#)), my team tries hard to resolve complaints informally. Of the 25 matters within my jurisdiction, my team resolved 14 informally, and provided advice in six cases. Four matters were withdrawn, and in one case, my team explained to the complainant that there was another way of resolving their complaint.

My team tries hard to help complainants even if the matters they raise are outside my jurisdiction. They managed to resolve two such complaints, and provided advice in respect of a third.

Providing a timely service to complainants is something that is important to us. Straightforward matters are usually able to be resolved in under 3 months (see [Table 2](#)). However, we are dealing with a backlog of aged and complex complaints (see [Table 3](#)). While we have made steady progress in reducing the number of complaints carried forward each year, (see [Table 1](#)), dealing with the backlog will be a key focus for me and my team in 2019/20.

Part of the difficulty in progressing complaints has been delays by Government Ministries and Crown Agencies in providing information when requested. This is often due to staff absences and poor record-keeping.

I expect people to provide information when I need it. I have the power to require the information that I need for an investigation.<sup>2</sup> Failure to comply with my requirement is an offence.<sup>3</sup> I will consider using my formal powers to require information in future, if there appears to be resistance or unreasonable delay.

## Tāranga (stories)

The following tāranga help to illustrate the role and functions of Te Mato Akamoeau.

### **Informal resolution of social welfare complaints**

One fifth of the complaints and enquiries closed in 2018/19 related to the Ministry of Internal Affairs.<sup>4</sup> The Ministry has a wide range of responsibilities, but all these complaints and enquiries related to its administration of the welfare system.

Concerns included delays in processing applications and paying benefits and pensions; the level of entitlement to benefits and pensions; the standard of service provided to applicants; and record-keeping practices.

<sup>2</sup> See s 16 OA.

<sup>3</sup> See s 27(b) OA and s 103(b) PA.

<sup>4</sup> Seven out of 34.

All of these complaints and enquiries were able to be resolved informally by telephone and email, and I am happy to record the cooperation of Ministry staff at all levels in helping to achieve this.

The following case provides an example of the issues we are encountering in this sector, and the way that my team works with the Ministry to resolve complaints.

A woman applied for the Old Age Pension, providing a copy of her passport to prove that she met the requirement of being resident in the Cook Islands for at least 10 years. When she contacted the Ministry to enquire about her application, she was told it was declined on the basis that she had not met the residency requirement. She then complained to me.

My team contacted the Ministry to make enquiries about the woman's application. The Ministry advised that the woman's file had been lost, and the decision to decline the application was based on a character reference provided by a community leader, who said he had known the woman for five years. The Ministry said she should complete a new application form.

My team obtained a further copy of the woman's passport and compiled a timeline of her movements in and out of Rarotonga. We got confirmation of that information from the Department of Immigration. We also got confirmation from the woman's former employer of how long she had worked there. This information showed that the woman did meet the residency requirement.

A new application was submitted, along with the supporting information that had been gathered. The application was approved and payments were backdated. While this was a good outcome, it happened around two years after the original application had been made.

Delays like this can have a severe impact on the quality of life of vulnerable people. The Ministry failed to keep adequate records, and to make reasonable enquiries in the absence of those records. It was also unfair to decline the application based on potentially prejudicial information that was not shared with the applicant.

The Ministry has advised that it is working hard to improve its customer service, communication, service delivery and record-keeping, in order to reduce complaints of this nature. There is new leadership in the welfare services team, which is already seeing a change in the organisation culture to one of more consultative and timely service delivery. It is also reviewing its policies with a plan to review the legislation in the future, and is scoping the possibility for an electronic system to build efficiencies and useful data.

I will continue to take a strong interest in this sector in the coming year.

### **Delay in accessing official information**

When the OIA came into force in 2009, Te Mato Akamoeau conducted extensive public awareness and training programmes. However, the Act is still under-utilised, with the result that many agencies do not have a lot of experience in processing OIA requests.

In one case, a requester complained to me because Parliament Services had not responded to his requests. When the agency eventually responded, it did not provide the information that had been requested.

Informal enquiries revealed that Parliament Services did not actually hold the information that had been requested. In this scenario, it was required to either transfer the request to the right agency (section 13 OIA), or refuse it (section 18(g) OIA).

My team provided a training session for Parliament Services staff, and the agency transferred the requests to the relevant agencies.

### **Accessing personal information**

One of the purposes of the OIA is to *'provide for proper access by each person to official information relating to that person'* (section 4(b) OIA). Two complaints this year show the OIA being used for that purpose.

In one case, an unsuccessful job applicant sought all information about the decision to appoint someone else. She complained to me when she did not get a response. After my team made informal enquiries, the agency provided a redacted report (removing personal details of the other applicants), and scans of the handwritten notes of the panellists.

In another case, an employee sought information about complaints that had been made against her. After she complained to me, and my staff discussed the request with the agency, the agency provided full responses to all her questions.

Both complaints were resolved through informal enquiries resulting in provision of the information sought. This shows how the OIA can be used to help people understand decisions that have been made about them.

### **Complaining about the Police**

A complaint was made against the Police by a family member of a victim of an assault for failure to respond to, or investigate an offence, and to prosecute the alleged offender. The offender was later discharged without conviction.

Police are subject to my jurisdiction, but the courts are not. I could not look at what the courts had done in this case. However, my staff discussed the case with the Solicitor-General and the Police. The Solicitor-General decided to appeal the decision, which was ultimately quashed.

From our informal enquiries, it was apparent that the Police had not compiled key information and put it before the court. For example, there was no medical report, no victim's statement, and no photographs of the victim's injuries.

After further consideration, the Police decided to re-prosecute the case, on more serious charges of assault with intent to injure. The alleged offender was subsequently convicted on that charge.

## Advice and training

My Office's Strategic Goal 2 is *'to increase awareness among government agencies of their rights and responsibilities to minimise public complaints and investigations'*.

My team is able to provide advice and training to Government Ministries and Crown Agencies on request, on the role of the Ombudsman and the OIA. In 2018/19, as a result of an OIA complaint (see [Delay in accessing official information](#)), my team provided training on the OIA to all Parliament Services staff.

The Office was also invited by the Cook Islands Investment Corporation and the Ministry of Cultural Development to be part of an advisory team on the development concept design of the National Archives Building as part of the Vaikapuangi Redevelopment Project (consolidation of government office facilities).

## Public awareness

My Office's Strategic Goal 3 is *'to create greater public awareness of the Ombudsman's role and enhance the reputation of the Ombudsman'*. We do this by engaging with the public in multiple ways.

It is very important to have a face in the community, particularly in the Outer Islands, because it can be hard for people there to access the Ombudsman's services. This year:

- We visited Mitiaro, where we held public meetings and met with members of the public to receive their complaints.
- We ran a public awareness programme in Rarotonga, covering the districts of Puaikura, Takitumu, Te Au O Tonga and the village of Nikao. We presented on the role and functions of the Ombudsman in English and Cook Islands Māori.
- We met with disability organisations, including the Cook Islands National Disability Council, Creative Centre, Te Vaerua Rehabilitation, Are Pa Metua and others. We explained the role and functions of the Ombudsman, and how we can help to ensure fair treatment for disabled people.

- We engaged with migrant worker communities, to promote awareness of the role and functions of the Ombudsman, and how migrant workers can access the Ombudsman's services.

We publish pamphlets in English and Cook Islands Māori, including:

- The role of the Ombudsman
- Making requests for official information
- The United Nations Convention on the Rights of Persons with Disabilities.

We are developing a new website, which is expected to launch in November 2019.

As of May 2018, we are also on Facebook, which provides a good way of reaching out to the public and letting them know what we are up to.

## **International and regional relations**

Having strong relations with other Ombudsmen and Ombudsman-type institutions helps us to learn from their experiences, and improve our practices, and vice versa.

We are members of the International Ombudsman Institute (IOI) and Australasian Pacific Ombudsman Region (APOR) which is the regional arm of the IOI. Being a member allows us to take part in regional and international conferences, access their training programmes and apply for grants to support us in our work. In November 2018, the Deputy Ombudsman attended the APOR regional conference held in Auckland entitled '*Holding governments to account in a changing climate*'.

We have particularly strong bilateral relations with the New Zealand Ombudsman. In March 2019 I travelled to New Zealand to spend a week at the New Zealand Ombudsman's office. This was an opportunity to see how a different Ombudsman's office runs, and to learn in detail about the different functions of the Ombudsman. It was also the start of building relationships with different teams in the Ombudsman's office, and most importantly the Chief Ombudsman of New Zealand has committed to working more closely with us over the next few years.

I have also continued to build our relationship with other specialist complaints bodies in New Zealand, including the Independent Police Conduct Authority, the Health and Disability Commissioner, and the Human Rights Commission. Being an Ombudsman in a small nation means that our jurisdiction is very broad and requires us to be technical specialists in many areas, and therefore I rely on my strong international relationships to provide me with expertise beyond what I am able to find in my own team.

## **Ombudsman Bill**

This year we have worked hard on the reform of our founding legislation (the OA), to make it fully fit for purpose. The resulting 'Ombudsman Bill' is expected to be tabled in 2019/20.

This was the culmination of a partnership with the New Zealand Ombudsman's Office, and the Cook Islands Parliamentary Counsel Office.

The new Act will remedy the problems which have been identified with the current law, preserving the independence of the Ombudsman from the Government of the day, and reflecting our expanded functions under the OIA, PA and DA.

Some of the key changes include:

- including the title 'Te Mato Akamoeau',
- Ombudsman to be an Officer of Parliament, appointed on the recommendation of Parliament, and responsible to Parliament for the exercise of their functions,
- removing the retirement age for the Ombudsman (72 years),
- salaries and allowances of the Ombudsman to be determined by the Remuneration Tribunal,
- appointment and entitlements of Ombudsman staff to be determined by the Ombudsman,
- ability for the Ombudsman to delegate functions to staff without prior approval of the Prime Minister,
- reference to the Ombudsman's expanded legislative functions,
- removing the requirement for complaints to be made in writing,
- an obligation for witnesses to provide evidence, even if they are under a confidentiality obligation, and
- updating the schedule to the OA, which lists the Government Ministries and Crown Agencies subject to the Act.



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## Our organisation

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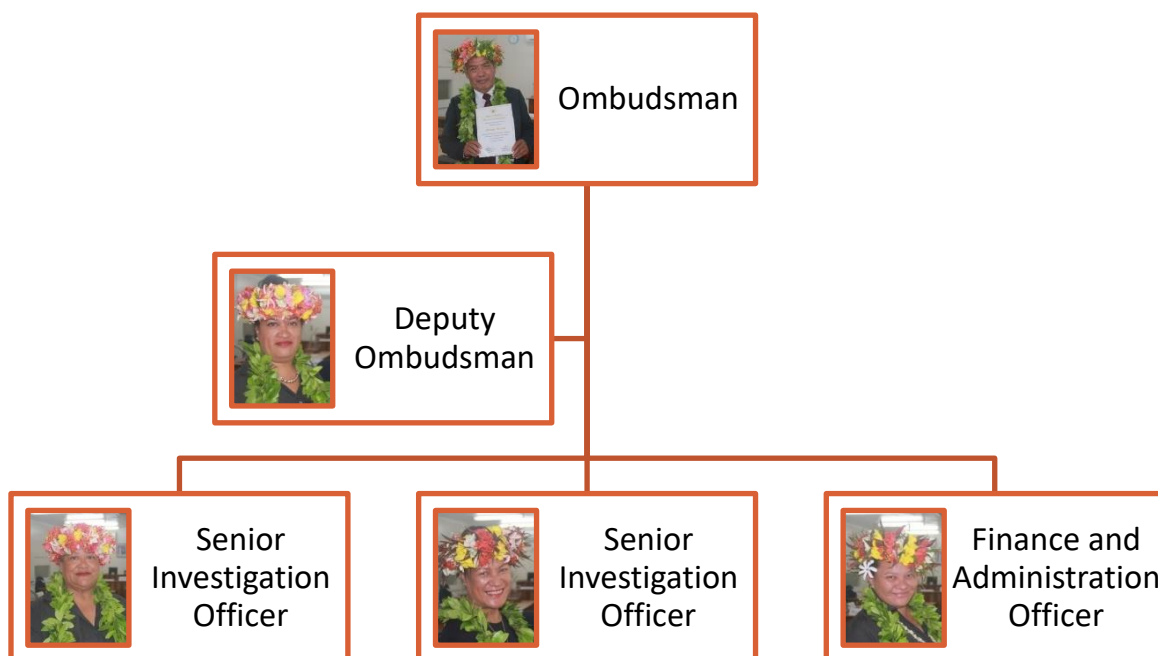
### Structure

I am an Officer of Parliament and report to Parliament through the Speaker.

I am supported by a Deputy Ombudsman, Jeannine Daniel, who is also the Investigations and Human Resources Manager.

The investigation team has two senior investigation officers, Elizabeth Nootai and Joyce Ingram.

Finance and administration support is provided by Ethel Pokia.



## Strategic plan

Our work is framed by Te Mato Akamoeau Strategic Plan 2018/21.

Our overarching **vision** under that plan is to promote fairness for all.

Our **mission** is:

- to conduct independent and impartial investigations on receipt of complaints or our own initiative,
- to strike a fair balance between what the public expects from government services and the government that provides those services,
- to develop a public service culture which upholds fairness; fosters dedication and commitment; and promotes openness and accountability, taking into account our Cook Islands cultural values.

We have three **strategic goals**:

1. To conduct efficient and effective investigations of complaints and systemic reviews.
2. To increase awareness amongst government agencies of their rights and responsibilities to minimise public complaints and investigations.
3. To create greater public awareness of the Ombudsman's role and enhance the reputation of the Ombudsman.

Supporting these goals are a range of measures which help us to focus our energies and resources.

Our work in support of Strategic Goal 1 is discussed under [Complaints](#); our work in support of Strategic Goal 2 is discussed under [Advice and training](#); our work in support of Strategic Goal 3 is discussed under [Public awareness](#).

## Human resources

This year, a Human Resources Management Framework was established to better manage the office's human capital. A staff performance management system included the setting of personal and professional goals identified by staff over a period of time, initially six months as part of a trial period. Together with the Deputy Ombudsman, I considered how the Office could support each staff member in meeting those personal and professional goals.

As part of this process, staff were encouraged to take on professional development opportunities by way of professional and academic studies with the Cook Islands Tertiary and Training Institute, University of the South Pacific, and Auckland University of Technology (distance learning). This year, the Deputy Ombudsman received qualifications in Project

Management, a National Certificate in Official Statistics, a Level 3 Diploma in Leadership and Management, and a Certificate in Human Resource Management.

The system also saw the performance review of each staff member, and in cases of exceptional performance, the award of a financial bonus—the first of its kind in the office.

## **Information technology**

We are in the process of developing a new case management system, which we call Tama. This is a bespoke system, designed to suit our particular needs. Tama will support:

- efficient and effective complaint handling,
- tracking and monitoring workflows,
- reliable reporting, to inform workload management and strategic planning decisions, and
- good record-keeping.

## **Financial management**

The Audit Office has completed the review of the [financial statements](#) for the Office for 2018/19. It has issued an unqualified opinion and found no significant issues for the management report (see [Independent Auditor's Review Report](#)).

The Office accounting records have been maintained and the financial statements prepared in such a manner as to properly present the financial position and performance of the Office. The Office financial management obligations are under the Ministry of Finance and Economic Management (MFEM) Act 1995-96.

Appropriate systems and mechanisms are in place to ensure that all applicable aspects of the legislative requirements which impact on our activities and functions have been complied with.

The financial statements have been prepared in accordance with generally accepted accounting practice, namely the International Public Sector Accounting Standards, as approved by the International Federation of Accountants and in accordance with the MFEM Act.

Bank accounts have been properly maintained and regularly reconciled in accordance with MFEM Instructions, and only operated for the purpose detailed in the Financial Secretary's delegation to operate each bank account.

# Financial statements and audit report

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## Budget statement

### 18 Office of the Ombudsman

#### 18.1 Introduction

The Ombudsman currently operates in a rigid financial and operating space under growing expectations to do more with little. The NSDP 2016-2020 Goals set out the priority areas to which Government allocates a slice of the public pie. Government Ministries are required to justify their requests against the backdrop of how they meet the NSDP goals. The Ombudsman, an office established by statute i.e. Ombudsman Act 1984 is responsible for providing an oversight over what the Cook Islands Government does, which means that for every goal set out in the NSDP, although the Ombudsman best fits under Goal 16: to promote a peaceful and just society and practice good governance with transparency and accountability, it also has a role to ensure that all other 15 goals are attained by ensuring that the services to which Government provide are delivered with the highest level of confidence and professionalism. The Ombudsman is also to ensure that the goods that are provided by Government is the best quality that it can provide.

Despite the various challenge we face, the office has undergone some work practice changes to ensure that we are able to manage these challenges (set out later in this business plan). These work practice changes are to improve the effectiveness and efficiency of our complaints handling process and include:

- The ongoing review and amendments to the office Quality Management System<sup>1</sup>
- Collaborative partnership with MFEM/OPM-ICT team to source an automated case management system
- Mainstreaming complaints handling system through our intake and registration process and an early triage (assessment) of complaints team
- Establishing and implementing a performance management framework for the office
- Offering staff professional development training programs with both USP and CITI
- Obtaining endorsement from the OPSC to amend organization structure to encapsulate a growing team and responsibilities
- The successful recruitment of an experienced candidate to fill the vacancy of Senior Investigations Officer, Mrs. Shona Lynch

The office has successfully closed over 30 cases this year but continues to receive more and more complex complaints.

**Table 18.1 Total Resourcing – Government and ODA (\$)**

	2018/19 Budget Estimate	2019/20 Projection	2020/21 Projection	2021/22 Projection
Net Appropriation	301,930	290,356	290,356	290,356
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>301,930</b>	<b>290,356</b>	<b>290,356</b>	<b>290,356</b>

**Table 18.2 Output Funding for 2018/19 (\$)**

	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	65,115	65,317	42,721	31,557	31,557	234,268
Operating	17,852	15,710	9,426	9,426	9,426	61,840
Administered Payments	0	0	0	0	0	0
Depreciation	1,164	1,164	1,164	1,164	1,164	5,822
<b>Gross Operating Appropriation</b>	<b>82,131</b>	<b>82,191</b>	<b>53,312</b>	<b>42,148</b>	<b>42,148</b>	<b>301,930</b>
Trading Revenue	0	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>82,131</b>	<b>82,191</b>	<b>53,312</b>	<b>42,148</b>	<b>42,148</b>	<b>301,930</b>
POBUCs	0	0	0	0	0	0

**Table 18.3 Baselines and New Budget Measures**

Output	Details	2018/19 Budget Estimate	2019/20 Projection	2020/21 Projection	2021/22 Projection
2017/18 Budget Personnel Baseline		220,829	221,976	221,976	221,976
Salary Adjustments		718	718	718	718
Savings Carried Forward		12,721	0	0	0
<b>2018/19 Budget Personnel Budget</b>		<b>234,268</b>	<b>222,694</b>	<b>222,694</b>	<b>222,694</b>
2017/18 Budget Operating Baseline		61,840	61,840	61,840	61,840
<b>2018/19 Budget Operating Budget</b>		<b>61,840</b>	<b>61,840</b>	<b>61,840</b>	<b>61,840</b>
2017/18 Budget Administered Fund Baseline		0	0	0	0
<b>2018/19 Budget Administered Fund Budget</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2017/18 Budget Depreciation Baseline		5,822	5,822	5,822	5,822
<b>2018/19 Budget Depreciation Budget</b>		<b>5,822</b>	<b>5,822</b>	<b>5,822</b>	<b>5,822</b>
<b>Gross Operating Appropriation</b>		<b>301,930</b>	<b>290,356</b>	<b>290,356</b>	<b>290,356</b>
2017/18 Trading Revenue Baseline		0	0	0	0
<b>2018/19 Trading Revenue Budget</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>		<b>301,930</b>	<b>290,356</b>	<b>290,356</b>	<b>290,356</b>

# **Financial statements**



**OFFICE OF THE OMBUDSMAN**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2019**



**OFFICE OF THE OMBUDSMAN**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**OFFICE OF THE OMBUDSMAN**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORY**

**Minister**

Honourable Vaine (Mac) Mokoroa  
Minister

**Head of Ministry / Title**

Nooapii Tearea  
Ombudsman

**Business Address**

1st Floor TJ's Building  
Taputapuatea  
Avarua  
Rarotonga

**Contact Details**

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Website: [www.ombudsman.gov.ck](http://www.ombudsman.gov.ck)

**Postal Address**

748, Avarua, Rarotonga  
Rarotonga

**Auditor**

Cook Islands Audit Office  
Level 2  
Government Administration Building  
Avarua  
Rarotonga

**Banker**

Bank of the South Pacific  
Avarua  
Rarotonga

**Solicitor**

Crown Law Office  
Avarua  
Rarotonga



## OFFICE OF THE OMBUDSMAN

### STATEMENT OF RESPONSIBILITY

In terms of Section 30 of the Ministry of Finance and Economic Management Act 1995-96, We are responsible for the preparation of the Office of the Ombudsman's financial statements and the judgements made in the process of producing those statements.

We have the responsibility of establishing and maintaining internal controls. We have established and maintained a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements fairly reflect the financial position and operations of the Office of the Ombudsman for the year ended 30 June 2019.



Nooapii Tearea  
**Ombudsman**

30 October 2019  
**Date**



Honourable Vaine (Mac) Mokoroa  
**Minister**

30 October 2019  
**Date**





# Independent Auditor's Review Report

COOK ISLANDS



## COOK ISLANDS AUDIT OFFICE

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Cook Islands

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Excellence in



## Independent Auditor's Review Report

To the shareholders of the Office of the Ombudsman

### Report on the Financial Statements

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Office of the Ombudsman ("the Office") on pages 7 to 24 do not give a true and fair view of:

- i. the Office's financial position as at 30 June 2019 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with generally accepted accounting practices as defined by the Ministry of Finance and Economic Management Act 1995-96 and International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board.

We have reviewed the accompanying financial statements which comprise:

- o the statement of financial position as at 30 June 2019;
- o the statement of financial performance, the statement of changes in equity, the statement of appropriations and cash flow statement for the year then ended; and
- o notes to the financial statements, including a summary of significant accounting policies.

#### Basis for Conclusion

We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

We are independent of the Office in accordance with ISSAI 30 Code of Ethics issued by the International Organization of Supreme Audit Institutions (INTOSAI Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the INTOSAI Code of Ethics.

Our responsibilities under ISSAI are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Office.

#### Other Information

The Ombudsman, on behalf of the Office, is responsible for the other information included in the entity's financial statements. Our conclusion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our review of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the review or otherwise appears materially misstated. If, based on the work we have



performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Ombudsman for the Financial Statements**

The Ombudsman, on behalf of the Office is responsible for:

- the preparation and fair presentation of the financial statements in accordance with IPSAS;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

The Ombudsman is responsible for overseeing the Office's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objective is:

- to obtain limited assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our conclusion.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI). Accordingly, we do not express an audit opinion on these financial statements.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

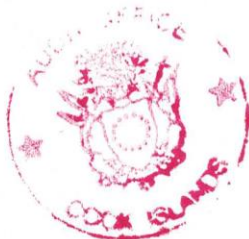
A further description of our responsibilities for the audit of these financial statements is located at the ISSAI website at:

[http://www.issai.org/en\\_us/site-issai/issai-framework/4-auditing-guidelines.htm](http://www.issai.org/en_us/site-issai/issai-framework/4-auditing-guidelines.htm)

This description forms part of our independent auditor's report.

Our review was completed on 30 October 2019 and our conclusion is expressed as at that date.

  
Allen Parker  
Director of Audit  
Cook Islands Audit Office  
Rarotonga, Cook Islands



OFFICE OF THE OMBUDSMAN  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2019

In New Zealand Dollars	Notes	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
<b>Revenue</b>				
Funding from the Crown		301,930	301,930	287,357
<b>Total Revenue</b>		<b>301,930</b>	<b>301,930</b>	<b>287,357</b>
<b>Expenditure</b>				
Personnel Expenses	3	220,678	234,268	216,008
Depreciation Expense	9	2,258	5,822	2,340
Other Expenses	4	68,582	61,840	60,024
<b>Total Expenditure</b>		<b>291,518</b>	<b>301,930</b>	<b>278,372</b>
<b>Operating Balance before Gains and Losses (OBEGAL)</b>		<b>10,412</b>	<b>-</b>	<b>8,985</b>
<b>Other Gains / (Losses)</b>				
Gain / (Loss) on Disposal of Assets		(286)	-	-
<b>Total Other Gains / (Loss)</b>		<b>(286)</b>	<b>-</b>	<b>-</b>
<b>Net Surplus</b>		<b>10,126</b>	<b>-</b>	<b>8,985</b>

Explanations of major variances against the budget are provided in Note 15.

The accompanying notes should be read in conjunction with these Financial Statements





OFFICE OF THE OMBUDSMAN  
STATEMENT OF FINANCIAL PERFORMANCE  
AS AT 30 JUNE 2019

In New Zealand Dollars	Notes	Actual 2019 \$	Actual 2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Equivalents	5	(1,531)	(100)
Debtors and Other Receivables	6	140,246	132,985
<b>Total Current Assets</b>		<b>138,715</b>	<b>132,885</b>
<b>Non-Current Assets</b>			
Property, Plant, and Equipment	9	23,541	5,263
<b>Total Non-Current Assets</b>		<b>23,541</b>	<b>5,263</b>
<b>Total Assets</b>		<b>162,256</b>	<b>138,148</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and Other Payables	7	123,558	116,305
Employee Entitlements	8	8,695	16,580
<b>Total Current Liabilities</b>		<b>132,253</b>	<b>132,885</b>
<b>Total Liabilities</b>		<b>132,253</b>	<b>132,885</b>
<b>Net Assets</b>		<b>30,003</b>	<b>5,263</b>
<b>Equity</b>			
Contributed Capital		25,698	2,499
Accumulated surplus / (deficit)		4,305	2,764
<b>Total Equity</b>	10	<b>30,003</b>	<b>5,263</b>

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019

In New Zealand Dollars	Notes	Actual 2019 \$	Actual 2018 \$
Balance at 1 July		5,263	1,028
Net Surplus / (Deficit) for the year		10,127	8,985
Capital Funding from the Crown		20,435	-
Return of Surplus to the Crown		-	(399)
Depreciation Payable to the Crown		(5,822)	(5,822)
Excess Trading Revenue to be repaid to Crown		-	1,471
<b>Balance as at 30 June</b>	<b>10</b>	<b>30,003</b>	<b>5,263</b>

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019

	Actual 2019 \$	Actual 2018 \$
In New Zealand Dollars		
<b>Cash Flows from Operating Activities</b>		
Receipt of Crown Appropriation	296,108	269,658
Payments to Employees	(228,563)	(209,503)
Payments to Suppliers	(67,151)	(59,924)
Net Cash Flows from / (used in) Operating Activities	394	231
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(20,821)	-
Net Cash Flows from / (used in) Investing Activities	(20,821)	-
<b>Cash Flows from Financing Activities</b>		
Capital funding from Crown	20,435	-
Cash Recalled by Crown	(1,439)	(331)
Net Cash Flows from / (used in) Financing Activities	18,996	(331)
<b>Net Increase/(Decrease) in Cash and Equivalents</b>	<b>(1,431)</b>	<b>(100)</b>
Opening Cash Balances	(100)	-
<b>Closing Cash and Equivalents</b>	<b>(1,531)</b>	<b>(100)</b>

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019

In New Zealand Dollars	Actual 2019 \$	Actual 2018 \$
<b>Reconciliation of Net Surplus / (Deficit) to Net Cash Flows from Operating Activities</b>		
<b>Reported Surplus</b>	10,126	8,985
<b>Add / (less) Non-cash items</b>		
Depreciation Expense	2,258	2,340
Change in Employee Entitlements	(8,094)	4,980
Change in Cash Recall	(1,439)	(331)
Prior Year Adjustments	-	1,471
(Gain) / Loss on Sale of Assets	286	-
<b>Total Non Cash items</b>	<b>3,137</b>	<b>17,445</b>
<b>Add / (less) movements in Statement of Financial Position Items</b>		
(Increase) / decrease in Crown Receivables	(5,822)	(17,699)
(Increase) / decrease in Cash Recall	1,439	331
Increase / (decrease) in Payroll Accruals	209	54
Increase / (decrease) in Sundry Creditors	1,431	100
<b>Net movements in Working Capital Items</b>	<b>(2,743)</b>	<b>(17,214)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>394</b>	<b>231</b>

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN

STATEMENT OF APPROPRIATIONS  
FOR THE YEAR ENDED 30 JUNE 2019

In New Zealand Dollars

		Appropriation	Revenue/ Expenditure	Surplus /
		Voted	Actual	(Deficit)
<b>Year Ended 30 June 2019</b>				
Output 1:	Investigations	82,131	81,481	650
Output 2:	Systemic Reviews	82,191	81,478	713
Output 3:	Corporate Services	53,313	52,379	934
Output 4:	Public Awareness and Training	42,148	37,830	4,319
Output 5:	International and Regional Relations	42,148	38,637	3,510
		301,931	291,805	10,126
<b>Net Surplus / (Deficit)</b>				<b>10,126</b>

		Appropriation	Revenue/ Expenditure	Surplus /
		Voted	Actual	Deficit
<b>Year Ended 30 June 2018</b>				
Output 1:	Investigations	82,132	79,564	2,568
Output 2:	Special Reviews	69,470	67,298	2,172
Output 3:	Corporate Services	51,460	49,851	1,609
Output 4:	Education & Advocacy	42,148	40,830	1,318
Output 5:	Regional & International Relations	42,148	40,830	1,318
		287,358	278,373	8,985
<b>Net Surplus / (Deficit)</b>				<b>8,985</b>

The accompanying accounts should be read in conjunction with these Financial Statements





**OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Note 1: Statement of Accounting Policies**

**Reporting Entity**

These financial statements are for the Office of the Ombudsman which is considered to be an agency of the Crown. It has therefore designated itself a public entity for financial reporting purposes.

**Statement of Compliance**

These financial statements have been prepared in accordance with the Ministry of Finance and Economic Management Act 1995-96 and the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSASB).

**Measurement Base**

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

These financial statements have been prepared using the historical cost method to report results, cashflows and the financial position of the Office of the Ombudsman. The financial statements have been prepared under the accrual basis of accounting and are presented in New Zealand dollars rounded to the nearest dollar.

**Summary of Significant Accounting Policies**

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

**Income Tax**

The Office of the Ombudsman, as an agency of the Crown, is exempt from the payment of income tax in terms of the Income Tax Act 1997. Accordingly, no charge for income tax has been provided for.

**Foreign Currencies**

Foreign currency transactions are recorded at the exchange rates in effect at the date of the transaction. Monetary assets and liabilities arising from trading transactions or overseas borrowings are translated at closing rates. Gains and losses due to currency fluctuations on these items are included in the Statement of Comprehensive Revenue and Expenses.



**OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Note 1: Statement of Accounting Policies (continued)**

**Commitments**

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

**Statement of Cash Flows**

Operating activities include cash received from all income sources of the Office of the Ombudsman and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

**Value Added Tax (VAT)**

All statements of account are inclusive of VAT as the Office is not VAT registered due to not being a trading revenue generating office.

**Budget figures**

The budget figures are derived from the Cook Islands Government Budget Estimates 2018/2019 Book 2: Ministry Budget Statements as approved by the Minister of Finance at the beginning of the financial year.

**Critical Accounting Estimates and Assumptions**

In preparing these financial statements, the Office has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

> useful lives of property, plant and equipment and intangible assets - refer to Note 10

**Changes in Accounting Policies**

There have been no changes in accounting policies since the date of the last Financial Statements



OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**Note 2: Revenue**

**Accounting policy**

The specific accounting policies for significant revenue items are explained below.

**Revenue under non-exchange transactions**

**Funding from the Crown**

The Office is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Office meeting the objectives specified in its founding legislation and the scope of the relevant appropriation of the Crown. The Office provides services to the Crown in the form of the production of certain outputs as disclosed in the Statement of Appropriations on page 12. The funding is recognised as revenue at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due from the funding arrangements.

**Note 3: Personnel Expenses**

**Accounting Policy**

**Superannuation schemes**

The Office contributes to the Cook Islands National Superannuation Fund and Government Fund. Which is accounted for as a defined contribution scheme and are expensed in the surplus or deficit as incurred.

**Breakdown of Personnel Expenses**

	Actual 2019 \$	Actual 2018 \$
Salaries and Wages	209,455	189,501
Defined Contribution Plan - Employer Contributions	19,109	19,793
Increase / (Decrease) in Employee Entitlements	(7,886)	6,714
<b>Total Personnel Expenses</b>	<b>220,678</b>	<b>216,008</b>

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**Note 4: Other Expenses**  
Breakdown of Other Expense

	Actual 2019 \$	Actual 2018 \$
Communication	8,023	3,885
Expensed Assets	2,855	507
Repairs and Maintenance	6,114	1,975
Fuel and Oil	1,355	1,979
Office Supplies / Consumables	2,465	3,840
Electricity	7,734	7,957
Entertainment	6,661	4,996
Professional Services	425	1,104
Travel	3,397	478
Human Resources and Training	2,150	1,989
Advertising, Marketing, and Promotion	828	148
Rent	22,995	21,083
Subscription	723	-
Other	2,856	10,083
<b>Total Other Expenses</b>	<b>68,582</b>	<b>60,024</b>

**Note 5: Cash and Cash Equivalents**

**Accounting Policy**

Cash is considered to be cash balances on hand and current accounts in banks, net of bank overdrafts and trust accounts with original maturities of three months or less.

**Breakdown of Cash and Cash Equivalents**

	Actual 2019 \$	Actual 2018 \$
Cash at bank (Bank of South Pacific)	(1,531)	(100)
<b>Total Cash and Cash Equivalents</b>	<b>(1,531)</b>	<b>(100)</b>

The accompanying accounts should be read in conjunction with these Financial Statements





OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**Note 6: Debtors and Other Receivables**

**Accounting Policy**

Short-term receivables are recorded at the amount due, less any provisions for uncollectability.

A receivable is considered uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

**Breakdown of Debtors and Other Receivables and further information**

	Actual 2019 \$	Actual 2018 \$
<b>Receivables under non-exchange transactions</b>		
Cash Recall	62,249	60,810
VAT Receivable	3,221	3,221
Sundry Receivables	729	729
Crown Receivable		
Prior Years Crown Receivable	68,225	50,526
Current Year Crown Receivable	5,822	17,699
<b>Total Debtors and Other Receivables</b>	<b>140,246</b>	<b>132,985</b>

Inter-ministry receivables included above to Crown Agencies

All receivables greater than 30 days in age are considered to be past due.

The assessment for uncollectability is performed on an individual basis, based on past collection history and write offs. All above debtors have been assessed as collectable as all past debts have been collectible and none have been written off.

**Note 7: Creditors and Other Payables**

**Accounting Policy**

Short-term payables are recorded at the amount payable.

**Breakdown of Creditors and Other Payables and further information**

	Actual 2019 \$	Actual 2018 \$
<b>Payables under Exchange transactions</b>		
Accrued Expense	1,531	100
<b>Total Payables under Exchange transactions</b>	<b>1,531</b>	<b>100</b>
<b>Payables under Non-Exchange transactions</b>		
<b>Crown Payable</b>		
Prior Years Depreciation Payable	68,849	56,806
Prior Years Surplus Payable	47,356	47,356
Current Year Depreciation Payable	5,822	12,043
<b>Total payables under Non-Exchange transactions</b>	<b>122,027</b>	<b>116,205</b>
<b>Total Creditors and Other Payables</b>	<b>123,558</b>	<b>116,305</b>

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**Note 8: Employee Entitlements**

**Accounting Policy**

Employee benefits are due to be settled within 12 months after the end of the financial year in which the employee provides the related service and are based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and time off in lieu.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created constructive obligation and a reliable estimate of the obligation can be made.

**Breakdown of Employee Entitlements**

	Actual 2019 \$	Actual 2018 \$
Accrued Salaries and Wages	4,303	4,094
Annual Leave	4,392	12,486
<b>Total Employee Entitlements</b>	<b>8,695</b>	<b>16,580</b>

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**Note 9: Property, Plant and Equipment**

**Accounting Policy**

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

**Additions**

The cost of purchased property, plant, and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at date of acquisition. An asset acquired below the \$5,000 threshold set by the Cook Islands Government Policy and Procedures Manual is assessed on a case by case basis, and if the asset provides economic benefit for more than one financial year, it will be recognised as an asset.

Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the additional cost will flow to the Island Administration and that the cost of the item can be measured reliably.

The cost of day to day servicing of property, plant and equipment are expensed in surplus or deficit as they are

**Disposals**

asset.

**Depreciation**

Depreciation of property, plant, and equipment is provided on a straight line basis so as to allocate the cost of assets to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Computer Equipment	3 - 4 years	25 - 33%
Motor Vehicles	5 years	20%
Furniture and Fittings	4 - 10 years	10 - 25%
Office Equipment	5 years	20%
Buildings	10 years	10%

**Impairment of Property, Plant and Equipment**

objective is to generate a commercial return.

Non-Cash Generating Assets

Property, plant and equipment held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**Note 9: Property, Plant and Equipment (continued)**

**Breakdown of Property, Plant and Equipment and further information**

Movement for each class of Property, Plant and Equipment are as follows:

	Computer Equipment \$	Furniture & Fittings \$	Motor Vehicles \$	Plant & Equipment \$	Buildings \$	Work in Progress \$	Total \$
<b>Cost</b>							
Balance as at 1 July 2017	16,384	7,187	24,872	-	-	-	48,443
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 30 June 2018	16,384	7,187	24,872	-	-	-	48,443
<b>Accumulated depreciation and impairment losses</b>							
Balance as at 1 July 2017	12,140	3,828	24,872	-	-	-	40,840
Depreciation	1,160	1,180	-	-	-	-	2,340
Accumulated depreciation on disposals	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Balance as at 30 June 2018	13,300	5,008	24,872	-	-	-	43,180
<b>Carrying Amount</b>							
As at 30 June 2018	3,084	2,179	-	-	-	-	5,263
<b>Cost</b>							
Balance as at 1 July 2018	16,384	7,187	24,872	-	-	-	48,443
Additions	386	-	20,435	-	-	-	20,821
Disposals	-	286	-	-	-	-	286
Balance as at 30 June 2019	16,770	6,901	45,307	-	-	-	68,978
<b>Accumulated depreciation and impairment losses</b>							
Balance as at 1 July 2018	13,300	5,007	24,872	-	-	-	43,179
Depreciation	1,257	320	681	-	-	-	2,258
Accumulated depreciation on disposals	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Balance as at 30 June 2019	14,557	5,327	25,553	-	-	-	45,437
<b>Carrying Amount</b>							
As at 30 June 2019	2,213	1,574	19,754	-	-	-	23,541

Certain amounts in prior period have been reclassified between classes to correct this disclosure.

**Capital commitments**

There were no property, plant and equipment commitments at year end (2018:nil).

The accompanying accounts should be read in conjunction with these Financial Statements





OFFICE OF THE OMBUDSMAN  
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**Note 10: Equity**

**Accounting Policy**

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- > contributed capital
- > accumulated surplus / (deficit)

**Depreciation payable to the Crown**

The higher of the actual depreciation and amortisation or the budgeted depreciation For the year will be repaid to the Crown and is recognised directly in the statement of changes in equity.

**Return of surplus to the Crown**

The surplus of total liquid assets over total liabilities at the end of each financial year will be repaid back to the Crown if no approval for carry forward has been given and is recognised directly in the statement of changes in equity.

**Crown Repayable**

Any gains received from the sale of an asset is to be repaid to Crown, excess trading revenue earned and unused capital funds to be repaid to Crown.

**Breakdown of Equity**

	Actual 2019 \$	Actual 2018 \$
<b>Contributed capital</b>		
Balance as at 1 July	5,263	2,499
Capital contribution	20,435	-
<b>Balance as at 30 June</b>	<b>25,698</b>	<b>2,499</b>
<b>Accumulated surplus / (deficit)</b>		
Surplus / (deficit) for the year	10,127	8,985
Return of surplus to the Crown	-	(399)
Depreciation payable to the Crown	(5,822)	(5,822)
<b>Balance as at 30 June</b>	<b>4,305</b>	<b>2,764</b>
<b>Total Equity</b>	<b>30,003</b>	<b>5,263</b>

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
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**Note 11: Related Party Transactions**

The Office of the Ombudsman is a wholly owned entity of the Crown, however, the Government protects it through its legislation from undue influence and significant control.

The Crown provides the Office of the Ombudsman with significant funding in the form of an annual appropriation to assist the Office of the Ombudsman in discharging its duties and obligations.

The Office also enters into transactions with other Government ministries, Crown agencies and State Owned Enterprises in an arms-length basis.

The key management personnel are members of the senior management group.

The aggregate remuneration of members of the senior management group and the number of individuals determined on a full time equivalent basis receiving remuneration within this category are:

***Key management personnel compensation***

	Actual 2019 \$	Actual 2018 \$
Remuneration	\$ 121,551	\$ 121,551
Full-time equivalent members	2	2

**Note 12: Financial Instruments**

**Accounting Policy**

***Financial Assets***

All financial assets are classified as Loans and Receivables. Loans and receivables are measured at fair value plus transaction cost on initial measurement and subsequently at amortised cost. Interest income and interest expense is recognised in the surplus or deficit.

***Financial Liabilities***

All financial liabilities are classified as Other Liabilities. Other liabilities are measured at fair values less transaction cost on initial measurement and subsequently at amortised cost. Interest income and interest expense is recognised in the surplus or deficit.

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
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**Note 12: Financial Instruments (continued)**

**Financial instrument categories**

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Actual 2019 \$	Actual 2018 \$
<b>Loans and Receivables</b>		
Cash and Equivalents	(1,531)	(100)
Debtors and Other Receivables	140,246	132,985
Aid Receivables	-	-
<i>Total Loans and Receivables</i>	138,715	132,885
<b>Other Liabilities</b>		
Creditors and Other Payables	123,558	116,305
Employee Entitlements	8,695	16,580
Aid Trust Liabilities	-	-
<i>Total Other Liabilities</i>	132,253	132,885

**Financial Instrument Risks**

The Office's activities exposes it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk.

**Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency rates. The Office does not have any foreign currency transactions and therefore there is no currency risk.

**Liquidity Risk**

Liquidity risk is the risk that the Office will encounter difficulty raising liquid funds to meet commitments as they fall due. The Office manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

**Market Risk**

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Office income or value of its financial instruments. The Office has no financial assets or liabilities that are affected by changes in market prices and therefore there is no market risk.

The accompanying accounts should be read in conjunction with these Financial Statements



OFFICE OF THE OMBUDSMAN  
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**Note 12: Financial Instruments (continued)**

**Credit Risk**

In the normal course of business, the Office of the Ombudsman incurs credit risk from trade debtors and transactions with financial institutions. The Office has a credit policy, which is used to manage this risk. As part of this policy, limits on exposure with counter parties had been set and are monitored on a regular basis.

The Office of the Ombudsman has no significant concentrations of credit risk. It does not require any collateral or security to support financial instruments due to the quality of financial institutions and trade debtors dealt with.

**Fair Values**

The estimated fair values of the Office of the Ombudsman's financial assets and liabilities are their carrying values.

**Note 13: Contingencies**

**Accounting Policy**

Contingent assets and liabilities are disclosed at the point which the contingency is evident.

**Contingent Liabilities**

The Office has no contingent liabilities at balance date (2018: nil).

**Contingent Assets**

The Office has no contingent assets at balance date (2018: nil).

**Note 14: Events after balance date**

There is no significant events after the balance date.

**Note 15: Explanation of major variances against the budget**

Explanations for major variances from Office of the Ombudsman budgeted figures are as follows:

**Statement of Financial Performance**

There is no major variances between budgeted and actual figures at year end.

The accompanying accounts should be read in conjunction with these Financial Statements



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## Complaint statistics

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**Table 1: Matters received and under consideration over time**

	2014/15	2015/16	2016/17	2017/18	2018/19
On hand 1 July	86	63	59	44	30
Received	25	26	14	33	35
Completed	48	30	29	47	34
On hand 30 June	64	59	44	30	31

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**Table 2: Age profile of complaints closed during 2018/19**

0-3 mths	3-6 mths	6-9 mths	9-12 mths	12-24 mths	24+ mths	Total
24	1	1	5	2	1	34

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**Table 3: Age profile of open complaints as at 30 June 2019**

0-3 mths	3-6 mths	6-9 mths	9-12 mths	12-24 mths	24+ mths	Total
0	6	3	0	6	13	28

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