

# *Vote Serious Fraud*

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APPROPRIATION MINISTER(S): Minister of Police (M51)

APPROPRIATION ADMINISTRATOR: Serious Fraud Office

RESPONSIBLE MINISTER FOR SERIOUS FRAUD OFFICE: Minister of Police

## *Summary of the Vote*

### Overview

The Minister of Police is responsible for appropriations in the Vote for the 2014/15 financial year covering the following:

- a total of just over \$7.500 million for detecting, investigating and prosecuting cases of serious financial crime by the Serious Fraud Office (SFO). This includes activities directed at making the commission of financial crimes more difficult, and its detection and prosecution more effective, and
- a total of \$100,000 for the purchase or development of assets and intangibles.

Details of these appropriations are set out in Parts 2-4.

# *Estimates of Appropriations*

## Details of Appropriations and Capital Injections

### Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Investigation and Prosecution of Serious Financial Crime (M51)</b> This appropriation is limited to detecting, investigating and prosecuting serious financial crimes by the Serious Fraud Office, and includes activities directed at making the commission of financial crimes more difficult, and detection and prosecution more effective.	9,405	9,405	7,595
<b>Total Departmental Output Expenses</b>	9,405	9,405	7,595
<b>Departmental Capital Expenditure</b>			
<b>Serious Fraud Office - Capital Expenditure PLA (M51)</b> This appropriation is limited to the purchase or development of assets by and for the use of the Serious Fraud Office, as authorised by section 24(1) of the Public Finance Act 1989.	100	100	100
<b>Total Departmental Capital Expenditure</b>	100	100	100
<b>Total Annual and Permanent Appropriations</b>	9,505	9,505	7,695

## *Supporting Information*

### Part 1 - Vote as a Whole

This part provides trend information for the vote.

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2009/10	2010/11	2011/12	2012/13	2013/14		2014/15			2015/16	2016/17	2017/18
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	7,302	10,703	7,890	10,210	10,180	9,405	7,595	-	7,595	7,477	7,240	7,240
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	68	600	368	144	100	100	100	-	100	100	100	100
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Appropriations</b>	<b>7,370</b>	<b>11,303</b>	<b>8,258</b>	<b>10,354</b>	<b>10,280</b>	<b>9,505</b>	<b>7,695</b>	<b>-</b>	<b>7,695</b>	<b>7,577</b>	<b>7,340</b>	<b>7,340</b>
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered.

## 1.3 - Analysis of Significant Trends

### *Total Vote: All Appropriations*

The increase in funding for the Vote over 2010/11 to 2013/14 was to increase capacity to meet immediate operational demands arising from increased levels of detected serious financial crime, primarily in the finance company sector. In 2010/11 an onerous lease provision was recognised, which was subsequently reversed in 2011/12 when unoccupied premises were sublet. In 2014/15 Vote funding decreases by \$2.500 million reverting back to 2009/10 levels.

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Investigation and Prosecution of Serious Financial Crime (M51)

##### *Scope of Appropriation*

This appropriation is limited to detecting, investigating and prosecuting serious financial crimes by the Serious Fraud Office, and includes activities directed at making the commission of financial crimes more difficult, and detection and prosecution more effective.

##### *Expenses and Revenue*

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	9,405	9,405	7,595
Revenue from the Crown	9,040	9,040	7,240
Revenue from Others	365	365	355

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to increase business and investor confidence in the integrity of New Zealand's financial markets and increase the public and victim's confidence that those who commit financial crime are held to account in order to achieve the outcome of a confident business environment and a just society that is largely free of serious financial crime.

##### *How Performance will be Assessed and End of Year Reporting Requirements*

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
<b>Complaints</b>			
Quantity: Number of complaints received (see Note 1).	350-450	358	Expire measure
Quantity: Number of evaluations initiated by the SFO commenced (see Note 1).	20	20	15
Timeliness: Percentage of complaints evaluated within 30 working days.	90%	90%	80%
<b>Investigations</b>			
Quantity: Number of investigations formally commenced (see Note 1).	30-40	28-30	23-30
Timeliness: Percentage of cases for which an investigation plan is established within ten working days.	90%	90%	90%
Timeliness: Percentage of cases for which an investigation plan is reviewed monthly.	90%	90%	Replace measure
Timeliness: Percentage of cases investigated within targeted time (see Note 1).	30% of cases within six months, and 80% of cases within 12 months	30% of cases within six months, and 80% of cases within 12 months	30% of cases within six months, and 80% of cases within 12 months

Assessment of Performance	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Timeliness and Quality: Percentage of cases for which an investigation plan is reviewed monthly and recommendations addressed by senior management monthly (see Notes 2 & 3).	New measure	New measure	90%
Quality: Percentage of investigations on which quality assurance review is conducted quarterly and recommendations addressed by senior management within two months of review (see Note 3).	80%	80%	Expire measure
Quality and Timeliness: Percentage of quarterly quality assurance reviews that meet SFO quality criteria (see Note 2).	80%	80%	Expire measure
Quality: Percentage of formal post-investigation reviews that are conducted and recommendations addressed by senior management within two months of review (see Note 3).	90%	90%	90%
Quality: Percentage of formal post-investigation reviews that meet SFO quality criteria.	80%	80%	80%
Quality: Victims of financial crime perceive that the actions of the SFO help ensure that perpetrators of financial crime are held to account (see Note 4).	Meets Outcome Measurement Criteria set in SOI	65% of victims survey respondents agree	Expire measure
<b>Prosecutions</b>			
Quantity: Number cases brought to prosecution (see Note 1).	15	12	10-12
Quality: Percentage of prosecutions commenced where external Counsel agrees with the SFO decision to charge.	90%	90%	90%
Timeliness and Quality: Percentage of formal post-prosecution reviews that are conducted and recommendations addressed by senior management within two months of review (see Notes 2 and 3).	90%	90%	90%
Quality: Percentage of formal post-prosecution reviews that meet SFO quality criteria.	80%	80%	80%
Quality: Victims of financial crime perceive that the actions of the SFO help ensure that perpetrators of financial crime are held to account (see Note 4).	Meets Outcome Measurement Criteria set in SOI	65% of victims survey respondents agree	Expire measure
<b>Investigations and Prosecutions</b>			
Timeliness and Quality: Victims of financial crime are confident the SFO will effectively take action to investigate and prosecute perpetrators of financial crime (See Note 4).	New measure	New measure	Will be measured in 2015/16

**Note 1 -** These measures quantify the estimated level and type of key activities that the SFO undertakes.

**Note 2 -** These measures establish clear expectations to the public on the timeliness of processing a complaint and progress to completion on any subsequent investigation. They recognise that an investigation is a long process made up of several key phases and ensures that staff remain focused on a timely completion of the complaints process or full investigation.

**Note 3 -** Formal written quality assurance reviews will be conducted during and post each investigation and prosecution and will include:

- a summary of issues arising during the course of the case
- any recommendations for changes to improve SFO policies, case management procedures or external issues (ie, matters pertaining to the involvement of other agencies or any legislative policy issues), and
- an overall assessment of the quality of the conduct of the investigation or the prosecution.



Recommendations from the quality assurance reviews will be formally assessed by the senior management team within two months of the completion of the review.

Note 4 - The SFO surveys victims of financial crime, complainants and the public on a biannual basis to assess achievement of its desired outcomes and impacts. These measures, when completed will also be used as a proxy performance measure of the quality of the SFO's investigations and prosecutions.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by Vote Serious Fraud in the Annual Report.

### *Reasons for Change in Appropriation*

The decrease in appropriation is attributable to a decrease in funding of \$2.500 million in 2014/15 and outyears, reverting back to 2009/10 levels. This is offset by a \$700,000 underspend from 2013/14, to be returned to the Crown and applied to the Justice Sector Fund, which is used to fund future cost saving initiatives across the Justice Sector.

## 2.3 - Departmental Capital Expenditure and Capital Injections

### **Serious Fraud Office - Capital Expenditure PLA (M51)**

#### *Scope of Appropriation*

This appropriation is limited to the purchase or development of assets by and for the use of the Serious Fraud Office, as authorised by section 24(1) of the Public Finance Act 1989.

#### *Capital Expenditure*

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	50	50	75
Intangibles	50	50	25
Other	-	-	-
<b>Total Appropriation</b>	<b>100</b>	<b>100</b>	<b>100</b>

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to ensure that assets and intangibles required to support the delivery of the SFO's services are routinely renewed and maintained. Expenditure is in accordance with the SFO's capital expenditure plan.

*How Performance will be Assessed and End of Year Reporting Requirements*

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
The capital plan developed and managed throughout year	Capital plan for implementation by 1 July 2013	Completed 1 July 2013	Capital plan for implementation by 1 July 2014

*End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Serious Fraud Office in the Annual Report.

*Capital Injections and Movements in Departmental Net Assets***Serious Fraud Office**

Details of Net Asset Schedule	2013/14 Estimated Actual \$000	2014/15 Projected \$000	Explanation of Projected Movements in 2014/15
Opening Balance	452	452	
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>452</b>	<b>452</b>	