

Performance Information for Appropriations

Vote Serious Fraud

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Police (M51)

ADMINISTERING DEPARTMENT: Serious Fraud Office

MINISTER RESPONSIBLE FOR SERIOUS FRAUD OFFICE: Minister of Police

Part 1 - Summary of the Vote

Part 1.1 - Overview of the Vote

The Minister of Police is responsible for appropriations in the Vote for the 2013/14 financial year covering the following:

- a total of just under \$10 million for detecting, investigating and prosecuting cases of serious financial crime by the Serious Fraud Office (SFO), including activities directed at making the commission of financial crimes more difficult, and its detection and prosecution more effective
- a total of \$225,000 for the provision of advice by the SFO (including research and contributions to policy advice by other agencies) to support decision-making by Ministers on government policy matters relating to financial crime, and
- a total of \$100,000 for the purchase or development of assets and intangibles for the SFO.

Details of these appropriations are set out in Parts 2-6 below.

Part 1.2 - High-Level Objectives of the Vote

Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Building a productive and competitive economy in order to deliver greater prosperity, security and opportunities for all New Zealanders, better results from public services and supporting the rebuilding of Christchurch.	A confident business environment that is largely free of serious financial crime A just society that is largely free of fraud, corruption and bribery	Investigation and Prosecution of Serious Financial Crime Policy Advice

Objectives of the Vote

The work under Vote Serious Fraud contributes to the Government's priorities through its activities of detection, investigation and prosecution of serious financial crime, contribution to policy development and implementation of a programme of prevention, awareness and education. These activities are aimed to reduce the occurrence, impact and harm of serious financial crime, thereby contributing to the wider economic and justice outcomes of a confident business environment that is largely free of serious financial crime and a just society that is largely free of fraud, corruption and bribery.

The Serious Fraud Office ensures that there are resources, systems and capabilities in place to meet these objectives.

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2008/09	2009/10	2010/11	2011/12	2012/13		2013/14			2014/15	2015/16	2016/17
	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
Appropriations												
Output Expenses	5,651	7,302	10,703	7,890	10,275	10,275	10,180	-	10,180	7,670	7,527	7,240
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	745	68	600	368	150	150	100	-	100	100	100	100
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	6,396	7,370	11,303	8,258	10,425	10,425	10,280	-	10,280	7,770	7,627	7,340
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-

Analysis of Significant Trends

Total Vote: All Appropriations

In 2009 the Government made a commitment to retain and rebuild the SFO. The increase in the Vote over 2010/11 to 2013/14 was to enable the reorganisation of the office and increase capacity to meet immediate operational demands arising from increased levels of detected serious financial crime. In 2010/11, an onerous lease provision was recognised, which was subsequently reversed in 2011/12 when unoccupied premises were sublet.

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome: A confident business environment that is largely free of serious financial crime Impact: Business and investor confidence in the integrity of our financial markets is increased Impact: The regulatory environment minimises the risks and impacts of financial crime	Investigation and Prosecution of Serious Financial Crime Policy Advice
Outcome: A just society that is largely free of fraud, corruption and bribery Impact: Public and victims' confidence that those who commit financial crime are held to account is increased Impact: New Zealand maintains its international reputation for very low levels of corruption and bribery	Investigation and Prosecution of Serious Financial Crime Policy Advice

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriation, please refer to the Statement of Intent for the Serious Fraud Office.

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

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	10,050	10,050	9,955
Revenue from Crown	9,515	9,515	9,515
Revenue from Other	535	535	440

Reasons for Change in Appropriation

The decrease in appropriation is due to the Economic Crime Agency Network conference held in 2012/13, which will not occur in 2013/14.

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Complaints			
Quantity: Number of complaints received (see Note 1).	350-450	350	350-450
Quantity: Number of evaluations initiated by the SFO commenced (see Note 1).	20	20	20
Timeliness: Percentage of complaints evaluated within 30 working days (see Note 4).	90%	90%	90%
Investigations			
Quantity: Number of investigations formally commenced (see Notes 1 and 3).	40-50	35	30-40
Timeliness: Percentage of cases for which an investigation plan is established within ten working days (see Notes 2 and 4).	90%	90%	90%
Timeliness: Percentage of cases for which an investigation plan is reviewed monthly (see Notes 2 and 4).	90%	90%	90%
Timeliness: Percentage of cases investigated within targeted time (see Notes 3 and 4).	40% 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
Existing measure			
Timeliness and Quality: Percentage of investigations on which a quality assurance review is completed with the stated regularity (see Note 5).	Quarterly; 80%	Quarterly; 80%	Expired measure
Replacement measure			
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 5).	Replacement measure	80%	80%
New measure			
Quality and Timeliness: Percentage of quarterly quality assurance reviews that meet SFO quality criteria (see Note 6).	New Measure	New Measure	80%
Existing measure			
Quality: Percentage of formal post-investigation reviews that are conducted and acted upon by senior management (see Note 5).	90%	90%	Expired measure
Replacement measure			
Quality: Percentage of formal post-investigation reviews that are conducted and recommendations addressed by senior management within two months of review (see Note 5).	Replacement measure	90%	90%
New measures			
Quality: Percentage of formal post-investigation reviews that meet SFO quality criteria (see Note 6).	New Measure	New Measure	80%
Quality: Victims of financial crime perceive that the actions of SFO help ensure that perpetrators of financial crime are held to account (see Note 7).	New Measure	Meets Outcome Measurement Criteria set in SOI	Meets Outcome Measurement Criteria set in SOI

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Prosecutions			
Quantity: Number cases brought to prosecution (see Note 1).	20	15	15
Quality: Percentage of prosecutions commenced where external Counsel agrees with SFO decision to charge.	90%	90%	90%
Existing measure			
Quality: Percentage of formal post-prosecution reviews that are conducted and acted upon by senior management (see Note 5).	90%	90%	Expired measure
Replacement measure			
Timeliness and Quality: Percentage of formal post-prosecution reviews that are conducted and recommendations addressed by senior management within two months of review (see Note 5).	Replacement measure	90%	90%
New measures			
Quality: Percentage of formal post-prosecution reviews that meet SFO quality criteria (see Note 6).	New Measure	New Measure	80%
Quality: Victims of financial crime perceive that the actions of SFO help ensure that perpetrators of financial crime are held to account (see Note 7).	New Measure	Meets Outcome Measurement Criteria set in SOI	Meets Outcome Measurement Criteria set in SOI

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

Note 2 - Content of investigation plans.

Investigation plans will be established within ten working days of a case being opened and include a summary of:

- complaints/allegations and possible offences
- evidence required to support any charges
- details of known victims, complainants, witnesses and suspects
- a timeline for gathering and analysing evidence, and interviewing relevant persons, and
- a communications plan for updating complainants and victims.

All investigation plans will be updated monthly.

Note 3 - A 'formal' investigation commences at the date a minute opening the investigation is signed by the Director.

Note 4 - 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 5 - SFO's quality assurance framework requires a quality assurance review to be conducted quarterly during the conduct of each investigation, a full quality assurance review to be conducted on completion of each investigation, and for those investigations that result in prosecutions, a full quality assurance review to be completed on completion of the prosecution. Post investigation and post

prosecution reviews will be conducted within two months of an investigation or prosecution. Quarterly reviews ensure that high-quality is maintained throughout the life of an investigation. Post-investigation and post-prosecution reviews allow an assessment of the conduct of an investigation or prosecution to be made on its conclusion. Each review will contain a written summary by the responsible Case Manager of issues arising during the course of the case and 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). The reviews will also contain an overall assessment of the quality of the conduct of the investigation or prosecution in the review period. The written summary and overall rating will be reviewed by the relevant General Manager and in the case of post-prosecution reviews, General Counsel and external Counsel for comment and/or endorsement. Recommendations will be collated on a monthly basis and their implementation or other resolution reviewed by the senior management team at a monthly management meeting within two months of completion of the review. The aim of all reviews is to enhance the overall efficiency and effectiveness of the work conducted by SFO.

Note 6 - SFO's overall quality rating criteria and rating scale for reviews will be developed by July 2013.

Note 7 - SFO surveys victims of financial crime, complainants and the public on a periodic 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 SFO's investigations and prosecutions.

Policy Advice (M51)

Scope of Appropriation

This appropriation is limited to the provision of advice (including research and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to financial crime.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	225	225	225
Revenue from Crown	225	225	225
Revenue from Other	-	-	-

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Existing measures			
Timeliness: Policy advice is provided in a timely manner in accordance with agreed timetables with the Minister and Justice sector (as appropriate) via six-monthly reviews.	90%	90%	Expired measure
Quality: Significant policy papers or reports on financial or economic crime are peer reviewed by an equivalent organisation internationally.	Recommendations taken under consideration prior to completion of report	No significant policy papers or reports were completed in 2012/13	Expired measure

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Quality: Minister's assessment of their satisfaction that the policy advice conforms to the quality characteristics via six-monthly meetings (see Note 4). Replacement indicator Quality: The satisfaction of the Minister responsible for the Serious Fraud Office with the policy advice service, as per the common satisfaction survey (see Note 3).	Meets expectations	Meets expectations	Expired measure
New measures Quality: Technical quality of policy advice papers assessed by a survey with a methodology robustness of 90% (see Note 1). Cost: The total cost per hour of producing outputs.	New measure	New measure	Not applicable in 2013/14 (see Note 2)
	New measure	At most \$180	At most \$180

Note 1 - The higher the robustness score, the stronger the quality of the completed assessment.

Note 2 - The Serious Fraud Office does not as a matter of course lead policy projects or provide detailed written advice. The level of policy advice is limited to contribution to other agencies leading policy development and oral discussions with or informal briefings to the Minister. When formal written advice is provided an assessment will occur within the year that the advice is provided.

Note 3 - The quality characteristics of policy advice surveyed with the Minister in 2013/14 are:

- Completeness/ alignment - advice meets the Minister's needs.
- Timeliness - advice provided in time to meet Cabinet Office and ministerial requirements, or as otherwise agreed.
- Robustness - advice received is of high technical quality, considering the following 1) clarity, 2) accuracy, 3) analytical rigour, 4) fit for purpose and 5) relevant to the wider context.
- Value for Money - cost of policy advice received is considered value for money.
- Likelihood to recommend - level to which Minister will tell other Ministers they good have received good policy advice from policy advice units.

Note 4 - The quality characteristics measured for policy advice in 2012/13 are: purpose, logic, accuracy, evaluation, options, consultation, practicality, presentation and timeliness.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective: To manage the ongoing hardware and software replacement programme and provide for additional equipment for staff as required.	Serious Fraud Office - Capital expenditure

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

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	101	101	50
Intangibles	49	49	50
Other	-	-	-
Total Appropriation	150	150	100

Reasons for Change in Appropriation

The reduced appropriation reflects a reduced capital expenditure requirement in 2013/14 due to investments made in previous years in furniture, fittings and office equipment during an office relocation and refit.

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The capital plan developed and managed throughout year.	Capital plan for implementation completed by 1 July 2012	Completed 1 July 2012	Capital Plan for implementation by 1 July 2013