

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 Vote Serious Fraud for the 2010/11 financial year covering the following:

- a total of over \$7 million for the detection, investigation and prosecution of cases of suspected serious or complex fraud offending brought to the attention of, or detected by, the Serious Fraud Office
- a total of \$530,000 on the purchase or development of assets by and for the use of the Serious Fraud Office.

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
Grow the New Zealand economy in order to deliver greater prosperity, security and opportunities for all New Zealanders.	Greater public confidence in New Zealand capital markets domestically and internationally.	Investigation and Prosecution of Complex or Serious Fraud
Build safer communities where individuals feel secure and that they live in a society where civil and democratic rights and obligations are upheld.	Reduced occurrence, impact and harm of serious fraud and increase of perpetrators being held to account, whereby the interests of consumers and investors are protected.	Investigation and Prosecution of Complex or Serious Fraud

Objectives of the Vote

The work under Vote Serious Fraud directly contributes to the Government's economic and justice priorities through its activities to reduce the occurrence, impact and harm of serious fraud and to ensure that perpetrators are being held to account and creating greater public confidence in New Zealand capital markets domestically and internationally.

Vote Serious Fraud ensures that there are systems and capability in place to detect, investigate and prosecute complex or serious fraud within New Zealand.

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2005/06	2006/07	2007/08	2008/09	2009/10		2010/11			2011/12	2012/13	2013/14
	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	4,795	4,880	5,057	5,651	7,470	7,470	7,470	-	7,470	7,470	7,470	7,470
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	36	177	42	745	233	50	530	-	530	142	80	80
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	4,831	5,057	5,099	6,396	7,703	7,520	8,000	-	8,000	7,612	7,550	7,550
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	-	-	-	-	-

New Policy Initiatives

Policy Initiative	Appropriation	2009/10 Budgeted \$000	2010/11 Budget \$000	2011/12 Estimated \$000	2012/13 Estimated \$000	2013/14 Estimated \$000
Transfer of functions to Police.	Civil Forfeiture of Criminal Assets	788	0	0	0	0
Increase capability for investigation and prosecution of complex or serious fraud.	Investigation and prosecution of Complex or Serious Fraud	6,682	7,470	7,470	7,470	7,470

Analysis of Significant Trends

Following Cabinet decision made in December 2009, the departmental output expense Investigation and Prosecution of Complex or Serious Fraud was increased in 2009/10 to fund additional capability (\$1.102 million in 2009/10 and \$1.890 million in outyears). This increase was funded by a transfer from departmental output expense Civil Forfeiture of Criminal Assets. The Civil Forfeiture of Criminal Assets departmental output expense ceases from 2010/11 and outyears. The functions of this output expense were transferred to the Police. Following the Cabinet decision, an organisational review of the Serious Fraud Office was completed in April 2010.

A capital injection of \$690,000 was provided in 2008/09, but due to pending Cabinet decisions was not spent in 2009/10. A capital investment of \$530,000 is planned for 2010/11 to support the new organisational structure and processes resulting from the organisational review. This investment will enable the Serious Fraud Office to upgrade its Information Technology Systems in terms of hardware and case management software to enable more effective and efficient workflow and collaboration processes and to reconfigure office accommodation and equipment to better utilise space.

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
<p>Outcome: Reduced occurrence, impact and harm of serious fraud and increases of perpetrators being held to account, whereby the interests of consumers and investors are protected.</p> <p>Impacts: Increased instances of "white collar" fraud crime offenders being held to account. Increased collaboration of Justice sector agencies with regard to investigation of complex or serious fraud cases.</p>	Investigation and Prosecution of Complex or Serious Fraud
<p>Outcome: Greater public confidence in New Zealand capital markets domestically and internationally.</p> <p>Impacts: Increased levels of domestic and foreign investment and improved quality of the regulatory environment.</p>	Investigation and Prosecution of Complex or Serious Fraud

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

Investigation and Prosecution of Complex or Serious Fraud (M51)

Scope of Appropriation

The detection, investigation and prosecution of cases of suspected serious fraud offending brought to the attention of, or detected by, the Serious Fraud Office.

Expenses and Revenue

	2009/10		2010/11
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	6,682	6,682	7,470
Revenue from Crown	6,572	6,572	7,360
Revenue from Other	110	110	110

Reasons for Change in Appropriation

Additional funding provided in 2009/10, through a transfer from Civil Forfeiture of Criminal Assets departmental output expense appropriation, to increase the capability of the Serious Fraud Office to deliver services, following an organisational review.

Output Performance Measures and Standards

Performance Measures	2009/10		2010/11
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Timeliness: Time taken to establish an investigation strategy once an investigation is formally commenced (see Notes 1 and 3).	New standard	New standard	Category A – 7 days; 90% Category B – 14 days; 90%
Timeliness: Time taken to progress an inquiry to Part I investigation status within targeted working days (see Notes 1, 2 and 3).	New standard	New standard	Category A – 14 days; 90% Category B – 28 days; 90%
Timeliness: Time taken to progress a Part I investigation to Part II investigation within targeted working days (see Notes 1, 2 and 3).	New standard	New standard	Category A – 3 months; 75% Category B – 3 months; 75%
Timeliness: Time taken to conclude an investigation from formal commencement within targeted working days (see Notes 1 and 3).	New standard	New standard	Category A – 12 months; 75% Category B – 9 months; 75%
Timeliness: Frequency of communication to complainants, witnesses, victims and the public with regard to a specific investigation (see Notes 1 and 4).	New standard	New standard	Category A - monthly; 90% Category B - quarterly; 90%
Quality: Frequency of quality assurance review on an active investigation file (see Notes 1 and 5).	New standard	New standard	Category A - quarterly; 80% Category B - quarterly; 50%
Quality: Frequency of post investigation review of a file (see Notes 1 and 5).	New standard	New standard	Category A - 90% Category B - 50%
Quality: Frequency of Counsel agreement with charges proposed by Serious Fraud Office (see Notes 1 and 5).	New standard	New standard	Category A - 90% Category B - 90%
Quality: Frequency of a custodial sentence being ordered where a conviction was obtained (see Notes 1 and 5).	New standard	New standard	Category A - 90% Category B - 60%
Quantity: Number of complaints received (see Note 6).	New standard	200	200
Quantity: Number of complaints reviewed (see Note 6).	New standard	80	100
Quantity: Number of OFCANZ and proceeds of crime cases assisted with (see Note 6).	New standard	5	10
Quantity: Number of new cases where investigation commenced (see Note 6).	15-25	25	20
Quantity: Number cases brought to prosecution (see Note 6).	15-20	12	15

Note 1 - Category A cases are those that either:

- investigation into a fraud alleging \$10 million losses or greater, or
- investigation into a fraud alleging 100 or more investors/victims, or
- involve bribery or corruption of a public official.

Category B cases are all other investigations.

Note 2 - "Part I investigation" is a preliminary investigation conducted for the purpose of detecting complex or serious fraud. "Part II investigation" is a full investigation into a suspected case of complex or serious fraud.

Note 3 - Measure to recognise that an investigation is a long process made up of several key phases. To ensure that each phase of an investigation is monitored for efficiency and effectiveness. Targets are new and some levels benchmarked against the United Kingdom Serious Fraud Office.

Note 4 - Measure to ensure a process is in place which will keep the public better informed, in order to create confidence in capital markets and deter future instances of serious fraud. To provide information to the business sector, so they can learn from instances of serious and complex fraud and put mechanisms in place to prevent or minimise them in the future. Target is new and level benchmarked against United Kingdom Serious Fraud Office.

Note 5 - Measure to ensure that the processes during an investigation are effective and cost efficient given the level of serious fraud and other economic and justice impacts. To ensure that the quality of information and evidence gathered is kept at a level where Counsel can move the case forward to prosecution if it is so deemed, and that sentencing reflects the nature of the charges brought. Targets for quality assurance are refined (and some new) and some levels benchmarked against United Kingdom Serious Fraud Office.

Note 6 - Measure to reflect the level and type of work that the Serious Fraud Office manages as part of its investigations and prosecutions work and non-statutory powers, and demonstrates increased active collaboration with Police on specific inquiries and cases.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2009/10 Budgeted \$000	2010/11 Budget \$000	2011/12 Estimated \$000	2012/13 Estimated \$000	2013/14 Estimated \$000
Transfer funding to Investigation and Prosecution of Complex or Serious Fraud to maintain and increase capability.	2007/08	6,682	7,470	7,470	7,470	7,470

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
<p>Objective: To implement a case management system which will increase effectiveness and efficiency in investigation workflows and provide the ability to cost and monitor time spent for different phases of an investigation. This will include software to improve forensic accounting capabilities, time cost and the ability to share information and experiences with other agencies/organisations involved with complex or serious fraud.</p> <p>Objective: To complete an office reconfiguration which will enable improved workflow for the needs of multi-disciplinary investigation teams through a better utilisation of space.</p>	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

	2009/10		2010/11
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	228	45	290
Intangibles	5	5	240
Other	-	-	-
Total Appropriation	233	50	530

Reasons for Change in Appropriation

A capital injection of \$690,000 was provided in 2008/09 to enable the Serious Fraud Office to upgrade office accommodation and Information Technology Assets. Due to pending Cabinet decisions this capital investment was not spent in 2009/10 and \$530,000 is planned to be spent in 2010/11.

Expected Results

	2009/10		2010/11
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Project plan for office reconfiguration completed.	New standard	New standard	31 August 2010
Information technology review completed and recommendations for infrastructure and case management software implemented.	New standard	New standard	30 June 2011