



STATEMENT
OF INTENT
2013-2016

SERIOUS FRAUD OFFICE

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MINISTERIAL FOREWORD

The Serious Fraud Office is a law enforcement agency working collaboratively across the public and private sectors to achieve a confident business environment that is largely free of serious financial crime.

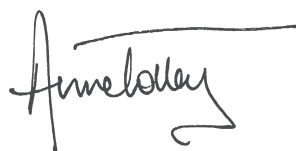
In 2009 the Government made a commitment to rebuild the capabilities of the Serious Fraud Office (SFO) and equip it to make a strong contribution to the Government's key priorities. Over the past three years, a significant investment was made in SFO and the return on that investment has been outstanding. Significant performance improvements have been made, strong relationships have been built across government agencies and with relevant private sector stakeholders, and the perception of the Office in the community has risen. The Serious Fraud Office is now efficiently addressing the ongoing levels of complaints and making a proactive and sustainable contribution to New Zealand's resistance to economic crime, and in turn raising confidence in the New Zealand business environment.

As the Office moves out of its 'clean up/catch up' phase, it must begin to look to its wider contribution to the public sector and the Government's *Better Public Services: Results for New Zealanders*.

By focusing on early intervention, SFO will contribute to the Justice sector's *Better Public Services* targets of significant reductions in the level of both offending and reoffending, while also addressing the Government's economic goal, by reducing both the overall volume of economic crime in the economy, and the financial impact of that economic crime. Early intervention will also feed long-term reductions in the workloads of other Justice sector agencies, particularly the Crown Law Office and the Department of Corrections.

An all-of-government approach to the application of the Office's specialised resources will help meet the Government's priority for improved efficiencies across the public sector. It is ideally placed to make its relatively scarce forensic and investigative skills available across law enforcement agencies, thereby improving the efficiency and reducing the overall costs to government agencies to respond to financial crime.

This Statement of Intent outlines how the Serious Fraud Office will achieve its goals through this strategy of providing for earlier and more proactive responses to economic crime, and lead a collaborative response to serious or complex economic crime across public sector agencies and private sector stakeholders. These are challenges I look forward to working through with the Office.



Hon. Anne Tolley

Minister Responsible for the Serious Fraud Office

INTRODUCTION FROM THE CHIEF EXECUTIVE

The Serious Fraud Office, much like New Zealand as a whole, is at a turning point.

As New Zealand begins the process of rebuilding and growth following the global financial crisis (GFC) and the Canterbury earthquakes, the Government focus is on building a productive and competitive economy.

SFO has an important role in building confidence in the integrity of our markets and thus the sustainability and competitiveness of our economy. As SFO turns the corner on its finance company and other GFC related cases, it must take on the lessons learned and adopt a sustainable strategy to deliver an effective and efficient response to future threats to our economy posed by serious and complex economic crime.

SFO has made considerable achievements to date. Significant improvements have been made in the quality of case management, the timeliness of delivery of results, the perception of SFO in the community and its relationships with stakeholders. This has enabled SFO to effectively address the fallout from the global financial crisis. SFO now begins the process of consolidating those achievements and building on them to ensure we deliver a more proactive and sustainable response to emerging economic crime, and minimising the cost and impact of that crime on our economy.

SFO's strategy for this is threefold:

- SFO will move to address emerging threats proactively through intelligence-led detection. Focusing on early intervention will reduce both the overall volume and financial impact of economic crime in the economy.
- SFO will build its specialist forensic accounting and financial investigation resources and make this resource available across the public sector. By coordinating SFO's activities with all agencies with a role in fighting economic crime, SFO will efficiently enhance those agencies' effectiveness, while maintaining the core skills in sufficient scale to address serious or complex offending. The increased use of joint operations, secondments and enhanced information sharing will drive this.
- SFO will continue to apply the experience gained from our investigation and prosecution work and our international connections to actively support the work of public sector policy agencies. The scope and impact of economic crime on the New Zealand economy is not well understood. We look forward to continuing our contribution to the work of the specialist policy agencies towards the development of coordinated policies and strategies to combat economic crime at all levels.

SFO is committed to the challenge of ensuring that the regulatory and law enforcement response to the next threat that is of equivalent significance to the finance company collapses is timely, coordinated and effective. We must identify and arrest that conduct early, to avoid a repetition of the scale of damage borne by our economy in recent years. The response to the risks arising from the Canterbury earthquakes and the recovery phase will be our first test of this.

We must not, however, overlook the fact that a significant volume of prosecution remains to be completed in respect of finance company and other GFC related issues. SFO will need to continue to apply considerable resources to ensure these are brought to a successful conclusion and the appropriate deterrent effect obtained.

This is an exciting time for both SFO, and New Zealand as a whole. SFO looks forward to being part of the public sector contribution in achieving the Government's priorities.



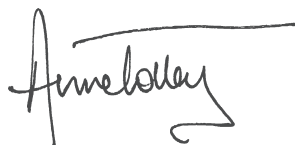
Simon McArley

Acting Chief Executive and Director

May 2013

MINISTERIAL STATEMENT OF RESPONSIBILITY

I am satisfied that the information on future operating intentions provided by the Serious Fraud Office in this Statement of Intent is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.



Hon. Anne Tolley
Minister Responsible for the Serious Fraud Office

May 2013

CHIEF EXECUTIVE STATEMENT OF RESPONSIBILITY

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the Serious Fraud Office. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriation (2013/2014 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



Simon McArley
Acting Chief Executive and Director

May 2013



Carol Palmer
General Manager Corporate Services

May 2013

NATURE AND SCOPE OF THE SERIOUS FRAUD OFFICE'S FUNCTIONS

The Serious Fraud Office works to reduce the impact of serious financial crime on the economy and the New Zealand public.

Through the administration of the Serious Fraud Office Act 1990, we seek to provide investors and the wider public with the confidence that New Zealand law enforcement agencies are alert to all forms of serious financial crime. We do this by investigating, on our own initiative, in response to public complaints or following referrals from other agencies, possible instances of financial crime and, where evidence of offending is found, bringing prosecutions to hold offenders to account. We also seek to use our knowledge and experience to create opportunities for the wider business community and general public to understand the impact of financial crime, and how to detect it and prevent it.

Our services

We administer Vote Serious Fraud, reporting to the Minister Responsible for the Serious Fraud Office, with the core purpose of addressing serious financial crime in New Zealand, including corruption and bribery. This is achieved through two output expenses:

- Investigation and prosecution of serious financial crime, with activities of:
 - detection of possible offending
 - investigations
 - prosecutions
 - advisory work on financial crime prevention, awareness and education.

- Contribution to the policy advice functions undertaken by public sector policy agencies to support decision-making by the Justice sector and other Ministers, as a result of information gathered and analysed during the investigative and prosecution functions and experience with other jurisdictions on economic crime matters.

We do not deal with less serious dishonesty offences, which are usually a matter for Police or other public sector agencies to investigate. We focus on cases that have a wider impact on the New Zealand economy and public. These cases may be relatively small in number, but they are large in terms of the value of the crime, the number of investors impacted and/or the impact on public confidence in either the integrity of New Zealand financial markets or the administration of the justice system.

Prioritising our caseload

As a government agency we must deliver on our outcomes within a modest and constrained budget. We therefore will assess cases with particular priority being given to those which have greater losses, larger number of victims, involve publicly funded entities, or otherwise involve offending which may have a materially adverse effect on our economy. We aim to focus on prevention and early intervention, with an efficient and coordinated response.

Typically our investigations will meet one or more of the following indicative criteria:

- a high degree of factual, financial or legal complexity beyond the resources of most other law enforcement agencies;
- multiple victims (often investors) of the suspected financial crime and a high impact on those victims;
- a high impact on public confidence in New Zealand as a safe place to invest, or the integrity of our financial markets; or
- public interest considerations and a preventative impact of a successful prosecution.

In the case of bribery or corruption matters, we focus on crimes involving public officials, which could undermine public confidence in the administration of law.

Who we work with

In carrying out our role, we have strong relationships with other Justice sector agencies including the Police, the Ministry of Justice and the Crown Law Office, as well as other agencies such as the NZ Customs Service, the Office of the Auditor-General, the Ministry of Business, Innovation and Employment, Inland Revenue Department, the Financial Markets Authority and the Commerce Commission. We also maintain strong partnerships with the relevant private sector interests, such as accounting firms and insolvency practitioners, and with our international counterparts in Australia, the United States, Europe and Asia.

STRATEGIC DIRECTION

Contribution to the Government's goals

In the Half Year Economic and Fiscal Update and 2013 Budget Policy Statement released on 18 December 2012, the Minister of Finance reiterated the four main priorities for this Government's term:

"They include returning to surplus and reducing debt, pushing ahead with a wide-ranging programme of microeconomic reforms to create a more productive and competitive economy, driving better results from public services and supporting the rebuilding of Christchurch."

This position continues to support the Speech from the Throne statement made in December 2011 outlining the Government's priorities to 2015:

"...build a more competitive and internationally-focused economy with less debt, more jobs and higher incomes. A strong economy in turn provides the resources necessary to protect the vulnerable in society, maintain the rule of law, provide high quality public services, look after the environment and provide opportunities for young people."

As a law enforcement agency we seek to maintain the integrity of our legal system. By focusing on investigations that are likely to minimise the frequency and impact of serious financial crime on its many victims, including investors and the taxpaying public, we help contribute to a stronger economy. With the largest public sector law enforcement resources in forensic accounting, we are the lead law enforcement agency for investigating and prosecuting serious and complex financial crimes. However, we seek to carry out this role by actively collaborating with other law enforcement and regulatory agencies in order to pool resources and minimise duplication of effort and provide the best all-of-government response to financial crime. Our strategy is focused on early intervention aimed at minimising the scope and cost of financial crime.

Contributing to the Justice sector goals and better public service results

"The key goal for the justice sector is to reduce the flow into the criminal justice pipeline – prevent crime, reduce its impacts on people, and enhance public safety."¹ As an agency within the Justice sector, our work contributes to this goal as well as the *Better Public Services: Results for New Zealanders* targets with regard to reducing rates of total crime and reoffending. Over the next three years we will have a more proactive approach to serious financial crime prevention and targeting areas of greatest potential risk. For example, international research shows how serious financial crime increases following natural disasters. Therefore, we will continue to build targeted networks across the Canterbury region to put in place strategies to minimise the level and effect of significant financial crime during the rebuild process. We will also progress an increased number of prosecutions as a result of a record number of investigations concluded over the past two years. We aim for a 100 percent conviction rate with at least 75 percent of convictions given a custodial sentence, as this type of sentencing with white collar crime can be viewed as a strong deterrent to reoffending.

1. 2012-2015 Statement of Intent, Ministry of Justice, pg. 6.

THE SERIOUS FRAUD OFFICE'S Outcomes Framework 2013-2016

CAPABILITY	OUTPUTS	RESULTS	IMPACT	OUTCOMES	GOVERNMENT PRIORITIES
People	Detection of possible offending	→ Financial crimes being detected earlier, thereby minimising the impacts on the economy and victims	Business and investor confidence in the integrity of our financial markets is increased	A confident business environment that is largely free of serious financial crime	Stronger and enduring economy Rule of law maintained Better, smarter public services
		→ An improved level of corporate responsibility by businesses maintaining fraud prevention and detection systems			
Relationships and partnerships	Investigations	→ Sharing of specialist skills across public sector agencies to create improved efficiencies across all government agencies addressing financial crime	The regulatory environment minimises the risks and impacts of financial crime	A just society that is largely free of fraud, corruption and bribery	
		→ Better use of public sector resources and more effective sharing of intelligence ensuring that investigations are effective and cost efficient			
Technology	Prosecutions	→ Policies being developed which take into account the changing nature, scale and impact of financial crime in New Zealand	Public and victims' confidence that those who commit financial crime are held to account is increased	New Zealand maintains its international reputation for very low levels of corruption and bribery	
		→ Conviction rates and sentencing levels deterring future offending			
Communication	Advisory work on fraud prevention, awareness and education	→ Public awareness being raised as to the impact of financial crime on society	An efficient and effective open market being maintained		
		→ Business in New Zealand conducted in an honest and transparent environment			
Systems and process	Contribution to policy development	→ An efficient and effective open market being maintained			
		→ An efficient and effective open market being maintained			

ORGANISATIONAL MEASURES	SERVICE PERFORMANCE MEASURES	IMPACT MEASURES	
QUALITY	RESPONSIVENESS AND TIMELINESS	SCALE AND IMPACT	VISIBILITY
Demonstrating that a high level of quality is maintained throughout the life of all investigations and prosecutions, to maintain public confidence in the rule of law, regardless of case outcome	Demonstrating levels of productivity and responsiveness to the public, particularly victims of financial crime	Demonstrating that cases investigated are those which have the greatest impact on SFO outcomes	Demonstrating transparency in the administration of justice by keeping interested parties informed

Outcomes and impacts

Our activities contribute towards the Justice sector outcome with a focus on 'a safe and just society' and the economic development outcome with a focus on 'dynamic and trusted markets'. Within this context we have identified two strategic outcomes specific to the Serious Fraud Office functions:

A confident business environment that is largely free of serious financial crime.

A just society that is largely free of fraud, corruption and bribery.

To achieve these outcomes, our primary activities are to detect, investigate and prosecute instances of serious financial crime. Because of our expertise in such matters, our other activities include contributing to policy development and advice regarding serious financial crime, as well as improving public awareness of the risks and impact of financial crime. We do this so that individuals, the business community, non-government organisations, charities and government agencies can act to prevent financial crime affecting them.

We have focused our activities to have an impact on the business environment as well as supporting mechanisms for achieving a 'just society'. We have established a series of indicators to benchmark progress against identified impacts to ensure our activities remain targeted and effective.

The specific impacts we seek to achieve through our activities are that:

- business and investor confidence in the integrity of our financial markets is increased;
- the regulatory environment minimises the risks and impacts of financial crime;
- public and victims' confidence that those who commit financial crime are held to account is increased; and
- New Zealand maintains its international reputation for very low levels of corruption and bribery.

OPERATING INTENTIONS

OUTCOME ONE: A confident business environment that is largely free of serious financial crime

Serious financial crime has both direct impacts, in terms of the monetary losses suffered by its victims, and indirect impacts, in terms of the economic damage to investor confidence and the public costs of prevention, detection and prosecution. There is emerging empirical data regarding the scope and economic impact of financial crime in New Zealand that illustrates how pervasive and damaging financial crime is to an economy. In the United Kingdom, where these costs are well documented and increasingly detailed, the annual cost of financial crime is estimated by the National Fraud Authority at £73 billion,² a significant rise over the previous year's estimated cost of £38.4 billion, due to improvements in the quality and quantity of data available to produce an estimate of financial crime. Of this 28 percent relates to public sector spending. It has been estimated that a sustained targeting of public sector fraud could reduce that figure by more than £22 billion over a three year period.³ Although these figures represent a larger quantum than what would be seen in New Zealand, the scale is significant. By understanding potential areas for financial crime, we can work to detect it early, thereby minimising the long term impact of financial loss to victims and the economy.

While SFO is not currently able to reliably quantify the impact of financial crime on the New Zealand economy, we believe that it is substantial.

Our work contributes to the economic development outcome because, the occurrence of financial crime has an immediate and significant drag on the economy and concerns over the potential for financial crime act as a suppressant to future investment in our financial markets or as a driver of additional risk margins priced into those markets. For there to be sustained economic growth, New Zealand needs to be recognised as having markets that are relatively free from financial crime and regulatory frameworks that both deter financial crime and make it possible to readily detect and punish financial crime when it occurs.

THE IMPACTS WE ARE SEEKING TO ACHIEVE

The key impacts from Outcome One are:

- business and investor confidence in the integrity of our financial markets is increased; and
- the regulatory environment minimises the risks and impacts of financial crime.

BUSINESS AND INVESTOR CONFIDENCE IN THE INTEGRITY OF OUR FINANCIAL MARKETS IS INCREASED

Our priorities will be on investigations where there is evidence of significantly adverse impacts on the business sector, or the economy as a whole, where there are numerous affected parties, or where there is significant public interest in the matter.

2. Annual fraud indicator, National Fraud Authority, March 2012.

3. *The Financial Cost of UK Public Sector Fraud*; Gee, Button & Brooks, University of Portsmouth.

The focus of our work will be on:

- conducting high quality investigations within cost effective timeframes and utilising an all-of-government response to financial crime;
- collaborating more regularly with private sector stakeholders and public sector agencies to share information that enables us to detect financial crime;
- raising awareness of, and better education about financial crime to enable reporting and detection of financial crime; and
- establishing a network with the Canterbury Earthquake Recovery Authority (CERA), Police and other government and private sector agencies with a specific focus on early intervention of potential financial crime occurring during the rebuild of Christchurch.

This will result in:

- financial crimes being detected earlier, thereby minimising the impacts on the economy and victims;
- an improved level of corporate responsibility by businesses maintaining fraud prevention and detection systems; and
- sharing of specialist skills across public sector agencies to create improved efficiencies across all government agencies addressing financial crime.

THE REGULATORY ENVIRONMENT MINIMISES THE RISKS AND IMPACTS OF FINANCIAL CRIME

We will contribute to reviews of the regulatory environment with key agencies, such as the Ministries of Justice and Business, Innovation and Employment. We will share knowledge gained from our work in order to point to regulatory options for improving the current regulatory framework. In particular, we will identify options which make committing financial crimes more difficult and make detection and prosecution of financial crime more effective. We will complement this work by highlighting solutions which have successfully been used in comparable international jurisdictions.

The focus of our work will be on:

- directly engaging with government agencies on current initiatives including projects such as: *The All-of-Government Response to Organised Crime*, implementation of the *Review of State Prosecution Agencies* and the recommendations from the Better Public Services Advisory Group;
- engaging with the business community and public to raise awareness of where and how significant financial crime impacts the economy; and
- working with the Ministry of Justice, Police and related agencies, to produce options for future operational and legislative responses to deter and punish financial crimes. This includes collaborating with the Police, Financial Markets Authority and other key agencies in order to identify opportunities to better capture intelligence and share information and experiences.

This will result in:

- better use of public sector resources and more effective sharing of intelligence, ensuring that investigations are efficient and cost effective; and
- policies being developed which take into account the changing nature, scale and impact of financial crime in New Zealand.

HOW WE WILL MEASURE OUR PROGRESS AGAINST THE IMPACTS AND OUTCOMES

Table 1 lists the impacts that we seek to achieve and the indicators and associated measures that will be used to monitor progress towards achieving the outcome, *A confident business environment that is largely free of serious financial crime*, over the next three years.

Table 1: Indicators and measures for Outcome One

IMPACTS	INDICATORS	MEASURE AND TARGET	TREND RESULTS
Business and investor confidence in the integrity of our financial markets is increased	Those who say that law enforcement action is maintaining or improving the integrity of financial markets	Survey of stakeholders conducted by SFO <i>"How effective have SFO investigations and prosecutions been"</i> Maintain or improve on 7.1 (scale of 10)	2012: 7.1 (scale of 10)
	New Zealand maintains or improves its position	Opportunity Index: Access to Global Capital: Milken Institute ⁴ Commitment to open up markets and enhance access to global capital Baseline to be established 2013/14	2012: New measure

4. Milken Institute is a non-partisan, independent economic think tank based in the USA.

OUTCOME TWO: A just society that is largely free of fraud, corruption and bribery

A justice system which is effective, fair, impartial and responsive not only creates a just society, but will also contribute to economic stability and future growth. Investors, from large companies to individuals, and businesses themselves, want to know that the rule of law will be applied impartially if financial crime, corruption or bribery is detected and acted upon. This will give them confidence that their financial assets are safe and, if serious financial crime occurs, it will be addressed and perpetrators held to account, so their actions are not repeated elsewhere.

THE IMPACTS WE ARE SEEKING TO ACHIEVE

The key impacts from Outcome Two are:

- public and victims' confidence that those who commit financial crime are held to account is increased; and
- New Zealand maintains its international reputation for very low levels of corruption and bribery.

PUBLIC AND VICTIMS' CONFIDENCE THAT THOSE WHO COMMIT FINANCIAL CRIME ARE HELD TO ACCOUNT IS INCREASED

A major contributing factor to a 'just society' is that individuals who are apprehended and found guilty of committing financial crime are held to account for their offending and victims' rights are recognised. We cannot determine sentencing levels, but it is important that we investigate cases which are of a scale and impact on victims that, if convictions ensue, are likely to attract significant sentences as a starting point. This recognises the rights of the victim in a nonviolent crime are being taken seriously. Though we do not have direct control over whether a custodial sentence is imposed, it acts as a marker for us in ensuring that our criteria for identifying high impact cases is effective. Custodial sentences for serious financial crime reinforce the public view that the crime has been taken seriously, thereby deterring future offending.

The focus of our work will be on:

- highlighting to the public through prosecution the impact of criminal conduct on victims of financial crime and on the New Zealand economy;
- ensuring complainants, victims and witnesses are kept well informed; and
- conducting investigations into cases of a scale that provide external Counsel (the SFO Prosecution Panel) the basis to recommend the imposition of custodial sentences in a high proportion of convictions.

This will result in:

- conviction rates and sentencing levels deterring future offending; and
- public awareness being raised as to the impact of financial crime on society.

NEW ZEALAND MAINTAINS ITS INTERNATIONAL REPUTATION FOR VERY LOW LEVELS OF CORRUPTION AND BRIBERY

Corruption and bribery significantly disrupts economic growth. Potential investors, foreign or domestic, see it as adding unwarranted cost, risk and uncertainty to their business and investment decisions. Therefore, the New Zealand business environment and public institutions must continue to be seen as having high levels of transparency and integrity. Along with other law enforcement agencies, we must ensure swift action is taken against individuals who are suspected of corruption and bribery, to maintain these high levels of trust.

The focus of our work will be on:

- working with the State Services Commission and Office of the Auditor-General to promote effective frameworks for identifying financial crime, corruption and bribery within the public sector; and
- conducting swift and effective investigations into significant instances of corruption and bribery which maintains public confidence in the integrity of the public and private sectors.

This will result in:

- business in New Zealand conducted in an honest and transparent environment; and
- an efficient and effective open market being maintained.

How we will measure our progress against the impacts and outcomes

Table 2 lists the impacts that we seek to achieve and the indicators and associated measures that will be used to monitor progress towards achieving the outcome, *A just society that is largely free of fraud, corruption and bribery*, over the next three years.

Table 2: Indicators and measures for Outcome Two

IMPACTS	INDICATORS	MEASURE AND TARGET	TREND RESULTS
Public and victims' confidence that those who commit financial crime are held to account is increased	Frequency of custodial sentences being ordered where a conviction was obtained	Annual analysis, including trends compiled by SFO: Maintain or increase from 75% of cases	2012: 96% 2011: 89% 2010: 100% 2009: 69% 2008: 72%
	Victims of financial crime perceive that the actions of SFO help to ensure that perpetrators of financial crime are held to account	Survey of victims of financial crime cases conducted by SFO: "The sentence imposed fairly reflects the offending that occurred." Maintain or increase from 65% of respondents	2012: 65%
New Zealand maintains its international reputation for very low levels of corruption and bribery	New Zealand's ranking of corruption-free nations	Transparency International Corruption Perception Index; ⁵ Maintain rank within the top three	Least corrupt ranking 2012: 1 equal Finland, Denmark 2011: 1 2010: 1 equal Singapore, Denmark 2009: 1 2008: 1 equal Denmark, Sweden

5. Transparency International is a non-partisan global network based in Brussels.

MEASURING ACHIEVEMENT

It is important to demonstrate to Government and the public the value of our work and our impact on outcomes for New Zealanders. As a small organisation, with a very specific law enforcement brief, we are focused on maintaining a well-defined set of performance measures against which the overall quality of our work can be measured. Our annual targeted level of activity, performance measures and standards are developed as part of the Government's annual budget process and found within the annual Budget, Information Supporting the Estimates, Justice sector portfolio, Vote Serious Fraud.

In order to ensure that all activities are efficient and effective, we have identified five areas in which to target our specific measures for monitoring and improving performance.

QUALITY

Quality assurance of active and concluded cases

We will demonstrate our commitment to ensure that a high level of quality is maintained throughout the life of all investigations and prosecutions. This will be achieved through active quality assurance review of cases by senior management, both during and at the end of an investigation. Reviews will also be conducted with external Counsel at the conclusion of prosecutions. External Counsel will also provide independent advice based on a wide range of experience with regard to presentation of cases in Court and includes both presentation of evidence and written submissions. Reviews will include oral feedback and written recommendations, and the implementation of these will be tracked by senior management in order to improve policies and/or processes and to lift overall efficiency and effectiveness. This measure will also maintain confidence in the integrity of law enforcement, regardless of the outcome of an investigation or prosecution.

We will also use stakeholder, complainant, victim, witness and general public surveys to monitor and improve the perception of the quality of our investigations and prosecutions.

RESPONSIVENESS AND TIMELINESS

Setting clear expectations on time taken to complete key activities

We will establish clear expectations for the public on the timeliness of processing a complaint and progressing and completing any subsequent investigation. We recognise that an investigation is a long process where speed cannot compromise quality. However, we recognise that the value of our work is largely achieved by ensuring an end result that is timely, as well as effective. We will use internal timeliness measures to monitor this.

SCALE AND IMPACT

Demonstrating that cases investigated are those which will make the biggest difference

We will ensure that effective criteria is applied to ensure that we investigate those cases which will have the greatest impact on our outcomes. This will increase the likelihood of lengthy sentences following a conviction, which can act as a further deterrent to future offending. It will also provide the public with enhanced confidence in the effectiveness of law enforcement where it is most needed. We will use stakeholder, victim, complainant, witness and public surveys to monitor and improve the impact of our work.

TRANSPARENCY

Administration of justice by keeping interested parties informed

We will keep complainants, victims, witnesses and the public informed as to what we are doing, thereby ensuring transparency in the administration of justice. This reinforces the principles of open justice, ensuring that the public has accurate information about the criminal justice system and that victims of crime are treated with courtesy. Maintaining an appropriate level of public awareness of investigations and prosecutions not only supports these principles, but also acts as an effective deterrent to further offending.

COST EFFECTIVENESS

Continually identifying ways of doing more with the same resources or less

Providing efficiencies is the current challenge facing all public sector agencies. To most effectively manage our resources within a modest and constrained budget, we will balance quality and timeliness of our work with the number of investigations undertaken. We will do this by continuing to:

- collaborate closely with other agencies to ensure that there is minimal replication of investigation and prosecution responsibilities or resources;
- keep other agencies informed as to our operations in a manner that helps develop better intelligence networks for sharing information and fighting serious financial crime;
- identify opportunities to manage peaks in work through cost effective use of external expertise;
- be effective in our use of technology to monitor and progress investigations; and
- seek opportunities to implement shared services for non operational services such as information systems infrastructure, human resources support and financial processing.

MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT

Operating context

We have identified the environmental factors within which we are working and how our activities meet these opportunities and challenges. These elements shape our structure and our approach to identifying and assessing cases for investigation and prosecution.

SUPPORTING EFFICIENCY WITHIN THE PUBLIC SECTOR

Providing greater efficiencies is the current and long-term challenge facing all public sector agencies. To most effectively manage our resources within a modest and constrained budget, we must balance quality and timeliness of our work with the number of investigations undertaken, integrate the use of our resources with the activities of our public sector partners and minimise 'back office' expenditure. We are achieving this by:

- adopting a 'centre of excellence' strategy – building our specialist skills in forensic accounting and financial investigation and making these skills available across all public sector agencies addressing financial crime. The tools for this strategy will include joint agency investigations, secondments and coordinated training and development;
- seeking support from our public sector partners to access skills and resources outside our specialist areas, again using joint agency investigations, secondments and coordinated training and development;
- collaborating closely with other agencies to ensure that there is minimal replication of investigation and prosecution responsibilities or resources;
- coordinating intelligence operations in a manner that works to develop improved intelligence networks for sharing information between public sector agencies;
- identifying opportunities to manage peaks in work through cost effective use of external expertise;
- continuing to ensure we are making the most effective use of technology to monitor and progress investigations; and
- seeking opportunities to implement shared services for non operational services such as information systems infrastructure, human resources support and financial processing.

ECONOMIC

Over the next three to five years the New Zealand economy is expected to be in a process of recovery and growth. This will be led by the Christchurch rebuild. The success and speed of the recovery will be driven by the availability and cost of capital to the economy. Participation in our financial markets remains timorous, and business confidence is only slowly recovering. These circumstances of rapid growth and high demand for capital manifest a number of problems in the context of financial crime, such as:

- the pressure for quick results in challenging economic times can be tempting;
- there is potential for fraudulent investment schemes to be developed, struggling businesses to hide losses through false accounting and/or other types of fraudulent representations to occur;
- advantage taken of businesses where resources (labour and materials) are scarce; and/or
- checks and balances against financial crime may be weak or not exist.

Investor and public confidence in the integrity of our financial markets and business systems will be key to ensuring capital is available to fund growth, and serious financial crime during this period would have particularly devastating effects on that confidence. We will need to be vigilant to these issues and maintain strong communication links with those likely to be the first to identify possible incidences of financial crime.

TECHNOLOGY

Success in major financial crime investigations today depends significantly on the speed and success with which digital information, such as financial records and electronic communications, can be recovered and effectively searched. While we have long recognised the importance and impact of technology on our work, there is a growing need not only to progressively increase the use of technology, but to do it in a manner that is sustainable within the budgetary and capital constraints facing us. This will require effective partnerships with other government agencies, effective connection of specialist staff to technology available across the public sector and periodic advice taken from private sector expertise.

GLOBALISATION

Rapid movement of people and money is an ongoing challenge for us. Decisions whether to pursue an investigation or prosecution are often affected by the likelihood of securing vital evidence or having effective access to witnesses or suspects. We will continue to develop effective law enforcement relationships with both the Police and agencies through their networks. We will also seek to grow our direct relationships with equivalent law enforcement agencies internationally on both a bilateral and multilateral basis.

FINANCIAL CRIME DATA AND INTELLIGENCE

Our key strategy for reducing the cost and impact of financial crime is early detection and intervention. This will be achieved by maintaining a well resourced specialist financial crime agency, with strong inter-agency collaboration and the support of the community in reporting illegal and unethical behaviour. We will focus on both these important areas. The cost of maintaining well equipped agencies addressing risks as they emerge is significantly less than the cost of cleaning up after the fact. One example is the emerging risk of financial crime arising in conjunction with the Christchurch earthquake recovery. We have already taken the lead in developing an early intervention strategy in Christchurch, working collaboratively with agencies, including Police, that make up a Christchurch financial crime prevention group.

In order to effectively reduce financial losses through financial crime, we must first understand where and how it is happening. Over the next three years we will actively encourage and assist the work of specialist policy agencies to identify the enablers of financial crime. This work will enable us to ensure our resources are being applied to the greatest possible effect and enable the wider public sector to better target operational and legislative responses to economic crime.

We also recognise that the application of resources must be led by robust and accurate intelligence. We will continue to improve our new intelligence database, in addition to establishing effective intelligence networks across government agencies in New Zealand and internationally.

Key relationships – working collaboratively

To ensure that our services have maximum impact and that our resources are deployed most efficiently we work in a collaborative manner with other agencies. We are also conscious that for greater public confidence to be maintained, it is essential that regulators and law enforcement agencies be seen to have very visible and effective collaboration procedures. This will ensure that there is neither replication of investigative functions, nor matters ‘falling between the gaps’ of regulatory or law enforcement responsibilities. We must develop, maintain and enhance strategic partnerships across the public and private sectors, with a particular focus on entities in the Canterbury region.

We have established memoranda of understanding (MOUs) with the Police, Financial Markets Authority and NZ Customs Service, and are actively working to expand these agreements to other agencies. We have undertaken a number of joint-agency investigations and prosecutions that have enabled each agency to contribute its key strengths, enabling us all to achieve an outcome no single agency could have achieved on its own.

Table 3 summarises the nature of our key relationships across all sectors.

Table 3: Key relationships

KEY RELATIONSHIP	FOCUS OF RELATIONSHIP
Police	Effective sharing of information and resources with respect to cases of common interest regarding (a) financial crimes investigated by OFCANZ ⁶ or other units within Police, (b) matters relating to the recovery of proceeds of crime (and civil forfeiture) and (c) matters of corruption and bribery arising from New Zealand obligations from the UN Convention against Corruption.
Financial Markets Authority	Effective sharing of information and resources with respect to cases of common interest regarding the Securities Act 1978, Companies Act 1993, Corporations (Investigation and Management) Act 1989, related legislation and any newly enacted relevant legislation.
Inland Revenue Department	Effective coordination of responses to tax fraud, where possible within legislative limitations sharing of operational and strategic information and policy collaboration to improve resistance to serious tax fraud.
NZ Customs Service	Effective sharing of information and resources and maintenance of joint electronic forensics capacity.
Commerce Commission	Effective sharing of information and resources with respect to cases of common interest arising under the Commerce Act 1986 and Fair Trading Act 1999.
Crown Law Office	Effective implementation of the Solicitor General's Prosecution Guidelines, ensuring that there are cost effective and well coordinated prosecution decisions across government and effective and efficient management of SFO prosecutions.
Ministry of Justice	Developing suitable policy responses to serious financial crime and corruption issues.
Office of the Auditor-General/ State Services Commission	Maintaining public sector integrity through improved processes for preventing and detecting financial crime.
Ministry of Business, Innovation and Employment	Improving public sector procurement processes and the business environment to minimise the risks of fraud, corruption and bribery.
Department of Internal Affairs	Effective sharing of information and resources with respect to cases of common interest regarding their responsibilities for gaming and lotteries grants and other areas of responsibility.
Ministry of Foreign Affairs and Trade	Developing more effective administrative procedures for mutual international assistance in order to improve the investigation of cross-border financial crime.
Institute of Directors in New Zealand	Working together to effectively share information on matters of concern to SFO and help promote ethical standards and a strong understanding of directors' duties.
New Zealand Institute of Chartered Accountants	Working together to effectively share information on matters of concern to SFO and help promote ethical standards within the profession.
New Zealand Law Society	Working together to promote a better understanding of the role of SFO and how the profession can assist it and help promote ethical standards within the profession.

6. Organised and Financial Crime Agency of New Zealand.

Risk management

We continue to face economic challenges and a constrained budget. Arising from this are a number of external risks that need to be managed. These include the risk of failing to:

- adequately acquire and utilise robust and accurate intelligence data;
- correctly select the cases that will have the greatest impact on SFO's outcomes;
- maintain sufficient skills and resources to enable us to respond quickly to emerging risks; and
- align our investigative priorities with the wider enforcement priorities of the Justice sector and Government.

We also face ongoing internal operational risks, which if not addressed could impact on the delivery of our key outputs. These include:

- loss of key staff;
- failure of internal management systems;
- loss of data within our electronic evidence management system;
- failure of information technology systems;
- information, physical and people security; and
- staff breaching standards of probity.

HOW WE WILL MANAGE THESE RISKS

We will continue to improve our risk management framework in a manner that allows us to better anticipate and manage risk. The senior management roles have collective responsibility for managing risk within the organisation. The outcomes framework, with its performance measures and impact indicators, have been developed with staff input and will monitor achievement across the life of an investigation. Quality assurance reviews will identify risk areas for improvements before a case is closed, as well as identify lessons learned when investigations and prosecutions have concluded.

Steps being taken to mitigate risk include ensuring that:

- work priorities are continually referenced to both the strategic direction and performance measurement targets;
- formal quality assurance review processes are conducted with senior management and external Counsel following the conclusion of prosecutions, to capture opportunities for improvement and to ensure recommendations for change are implemented;
- formal quality assurance processes are embedded within our operational work, during and at the conclusion of investigations, to capture opportunities for improvement and to ensure recommendations for change are implemented;
- comprehensive monthly reporting to our Minister is undertaken with regard to organisational and operational priorities and progress on meeting performance targets;
- our internal security programme meets the necessary standards of security for a government agency;
- regular exchanges of information are made within the Justice sector through the Justice sector Chief Financial Officers' forum, Chief Executives' Forum and other working groups; and
- strong relationships are built and regular exchanges maintained with our public sector law enforcement agencies, through our MOUs, the Combined Law Agency Group (CLAG) initiative and other all-of-government crime initiatives.

ORGANISATIONAL CAPABILITY AND PERFORMANCE

The Government's expectation of public sector agencies is to deliver improved results from the services on which New Zealanders can rely, all within constrained budgets. We will primarily achieve this through our staff, collaborative relationships and innovative use of technology.

Firstly, in a sector as specialised as ours, the skills, commitment and professionalism of our staff are key to achieving our goals and purpose. We intend to be one of the leading employers of forensic accounting, financial crime investigation and criminal legal expertise, in order to maintain and further develop our capability. We will support and motivate our staff through effective leadership and a performance management framework which clearly links their activities to the wider goals of the Serious Fraud Office, outcomes for New Zealand and the Government's priorities.

Secondly, through greater collaboration across other law enforcement agencies and key organisations within the private sector, we can augment our limited resources, maximise the prevention of, early detection of and intervention in financial crime and minimise duplication of effort of agencies investigating financial crime. These relationships will also increase awareness of the scope and impact that serious economic and financial crime has on our society, socially and economically.

Finally, we will look to use technology in a manner that will not only enable more efficient management of cases, but will more quickly alert us to the possibility of financial crime. Complementing this, our systems and structures will be maintained to support our staff in delivering high quality and cost effective services.

What we are seeking to achieve and how

OUR PEOPLE

Our success in achieving our priorities within our limited budget relies on a relatively small workforce of 50 full-time equivalents, of whom 90 percent perform frontline activities of investigating and prosecuting financial crime. Our aim is to therefore continually increase the skills and knowledge of our staff to improve case management efficiency and thereby enhance our role as an industry leader in forensic accounting and investigations. In order to meet the challenges of a rapidly changing business and political environment, we will focus on developing an organisational culture that supports high performance, success, teamwork and individual development.

We will achieve this by:

- maintaining a performance management framework which transparently and directly links staff performance and rewards to SFO's outcomes framework;
- building management and leadership skills in defined roles and informal leadership roles within the management of individual cases;
- ensuring we have a programme that continually develops technical and managerial talent in a manner which motivates high-performing staff and benefits the organisation;
- ensuring that our skills are maintained by retaining our team of specialist talent and adopting recruitment policies that attract the very best new talent from leading private and public sector agencies; and
- continuing and enhancing our secondment programme to bring new skills and perspectives into the organisation and to support secondments externally to provide our staff with career development opportunities.

OUR RELATIONSHIPS AND PARTNERSHIPS

Our aim is to be the leading law enforcement agency for investigating and prosecuting serious financial crime in New Zealand. In collaborating with other agencies in the public and private sectors, we aim to build relationships that optimise use and sharing of intelligence data and minimise duplication of effort and public sector resources, ensuring that investigations are efficient and cost effective. Our core staff with highly specialised expertise will continue to build relationships across the private sector to complement their skills and resources in financial crime detection, investigation and prosecution.

We will achieve this by:

- implementing MOUs with key law enforcement agencies, which will ensure seamless operational collaboration, including coordination of investigations around financial corruption and bribery;
- developing protocols with insolvency practitioners and other private sector stakeholders for case referrals and exchanges of information;
- collaborating more frequently with regulators and law enforcement agencies at an operational level in joint-agency investigations of financial crime;
- sharing specialist skills and resources with other agencies to support their activities in relation to financial crime;
- identifying opportunities for developing systems to gather financial crime intelligence and opportunities to share information and experiences; and
- promoting greater collaboration and networking with international financial crime agencies with similar roles to that of SFO.

OUR TECHNOLOGY

Our aim is to be better informed and have greater intelligence on serious financial crime issues. Our software and supporting hardware infrastructure will have a level of functionality that is appropriate to the complex nature of our work. Our technology and systems will be well connected with law enforcement agencies and relevant private sector organisations in New Zealand. We will also begin to focus on closer international networks of law enforcement agencies with similar roles to that of SFO, as serious financial crime becomes increasingly a cross-jurisdictional issue in this digital age.

We will achieve this by:

- reviewing our information technology annually to encompass the capability of all IT equipment and processes, thereby ensuring that our technology can meet the changing demands of the workload being undertaken;
- conducting an annual review of forensic accounting and forensic computing software tools available and planning for new software or upgrades to be implemented in order to create further efficiencies in terms of the speed and capacity for completing our investigative work;
- identifying opportunities for improving access to information through improvements to our documentary evidence management system; and
- identifying opportunities to share electronic information with other agencies or establish shared electronic information and analysis facilities.

OUR COMMUNICATION

Our aim is to be viewed as a responsive and effective communicator with regard to our work and serious financial crime in New Zealand. We will ensure that we understand what our wide variety of stakeholders expect from us and will set clear expectations on regular communication with complainants, victims, witnesses and the public. We will promote awareness of the risks and impacts of serious financial crime with the business community and identify steps that can be taken to better detect and prevent it.

We will achieve this by:

- reviewing and enhancing our Communications Strategy regularly;
- ensuring a communications plan is a part of every investigation;
- conducting surveys of stakeholders, complainants, victims, witnesses and the public to identify opportunities for enhancing our communication with them and ascertaining whether we are achieving our operating intentions and quality objectives;
- using our website effectively to update complainants, victims, witnesses and the public with information that is current and relevant;
- identifying educational opportunities with specific business sectors or industries or the public generally to inform and raise awareness on the risks and impacts associated with financial crime; and
- releasing high-value public data for reuse in accordance with the Declaration on Open and Transparent Government (refer CAB Min (11) 29/12).

OUR SYSTEMS AND PROCESSES

Our aim is to ensure that our systems and processes support our operations in a manner that is efficient and cost effective, and actively supports our operational culture of high performance, teamwork and continuous improvement.

We will achieve this by:

- continuing to develop our case and resource management processes, through use of project management tools, which can be used to monitor cases in a manner that enables comparisons between cases, as to timeliness, efficiency and cost effectiveness; and
- continuing to focus on reviewing and refining systems and processes with newly implemented technologies, which will support the multi-disciplinary team approach to all our activities.

OUR CAPITAL INTENTIONS

Our aim is to ensure that our asset base is well maintained and provides for a productive working environment, supporting the systems and processes established for effective case management.

We will achieve this by:

- reviewing our five year capital plan annually to ensure that it supports the strategic decisions undertaken; and
- investing in asset purchases as summarised in Table 4.

Table 4: Capital intentions over next three years

	2013/14 FORECAST \$000	2014/15 ESTIMATED \$000	2015/16 ESTIMATED \$000
Information technology hardware <i>Replacement programme</i>	50	25	15
Software <i>Investment in new or upgraded software</i>	50	25	35
Furniture, fittings and equipment <i>Replacement programme</i>	–	50	50
TOTAL	100	100	100

Measuring our progress

Table 5 lists the indicators and associated measures that will be used to check our progress towards achieving improved organisational performance.

Table 5: Indicators and measures for key capabilities

CAPABILITY	INDICATORS	MEASURE AND TARGET	TREND RESULTS
People – effective performance management	Performance management processes are embedded	90% of performance agreements are completed by 30 September and 95% of appraisals are completed by 31 July of each year	2012: 95% Plans 95% Appraisals
Leadership and organisational culture	Employees' engagement in their organisation	SFO Employee Engagement survey: Employees engagement index is 75% or higher	2012: 72%
Relationships and partnerships	Partner agencies indicate satisfaction with their relationship with SFO to demonstrate effective communication and collaboration	SFO Key Stakeholders survey: rating is 8 out of 10 or higher	2012: 7.2
Technology, systems and processes	Effective resources made available to staff	SFO Employee Engagement survey: My Job: ⁷ response is 66% or higher	2012: 66%
Communication	Communication to complainants, victims and witnesses is effective	Complainants survey: "My concerns were understood and considered by SFO": response is 89% or higher	2012: 89%

7. Question 6.3: I have the tools and resources I need to do my job effectively.





