



STATEMENT OF INTENT 2014–2018

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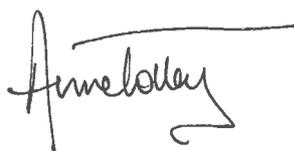
MINISTER'S FOREWORD

The Serious Fraud Office (SFO) performs a vital role in New Zealand society by investigating and prosecuting serious or complex financial crime. It focuses on low volume, but high cost, high impact offending and deals with cases that are significant in terms of amounts involved and the number of persons affected. They can also have a significant impact on public confidence in the integrity of our financial and commercial markets and our justice system.

The importance of the SFO has been highlighted in recent years by the high profile cases it has undertaken resulting from the collapse of various finance companies during the Global Financial Crisis. Although these cases are now largely completed, the SFO continues to be challenged by increasingly sophisticated financial crimes with potentially wide ranging impacts. To meet these challenges the SFO is consolidating and building on its skills and knowledge by reviewing its current operating model, strengthening its strategic relationships, taking a system-wide approach and developing strategic responses to financial crime. During this period of change the SFO will continue to focus on detecting, investigating and prosecuting serious or complex financial crime, including bribery and corruption.

The SFO will support the Government's goal of achieving public sector efficiencies by making its specialised legal, investigative and forensic accounting skills available to other law enforcement agencies. It will also increase collaboration across the justice sector, utilise technology to improve information management and investigate shared services arrangements with larger agencies. These and other initiatives being considered by the SFO will improve both the effectiveness and efficiency of the all-of-government response to serious financial crime.

I look forward to working through these challenges with the SFO in 2014/15 as it repositions itself to meet the future needs of New Zealand.



Hon. Anne Tolley

Minister Responsible for the Serious Fraud Office

DIRECTOR'S INTRODUCTION

It is a pivotal time for the SFO with the finalisation of a large tranche of work resulting from the collapse of various finance companies and a recent Performance Improvement Framework (PIF) review. It is therefore timely for us to take stock, refresh our strategy and ensure that we are well positioned to maintain high levels of performance in a changing and challenging operational environment.

We are currently working through the PIF review recommendations and have initiated an expenditure review to ensure that the SFO can operate as efficiently and effectively as possible. These pieces of work will assist in identifying the 'right size' for the SFO and how best to structure the organisation to meet future challenges. We will also need to consider how best to leverage the effectiveness and flexibility of our multi-disciplinary investigation teams and how to keep up to date with advances in technology and new investigative techniques. Over the coming twelve months we will focus on:

1. determining the best **operating model** to respond to our future purpose and targets
2. **connecting with partners**
3. taking a **system-wide approach** to financial crime intelligence
4. developing a **strategic response** to financial crime.

A number of actions are already under way including the formation of three core principles that will guide our work. The first is **Excellence** – we strive to be a world class financial crime and corruption prevention agency. The second is **Pride** – in the work we do and our contribution to New Zealand. The final principle is **Connect** – recognising our own strengths and opportunities and those arising from close collaboration with and connections across agencies and sectors. These principles have been developed and agreed with our employees and will provide a sound foundation on which to build our strategy.

While 2014/15 will be a transition year for the SFO, we have not lost sight of our goals of protecting New Zealand's integrity and our unique country brand through the detection, investigation and effective prosecution of serious or complex financial crime.

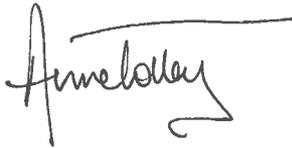
This Statement of Intent outlines how we will achieve these goals and lead a collaborative response to serious or complex financial crime across public sector agencies and private sector stakeholders. It is an exciting time for the SFO as we reposition our organisation for the future.



Julie Read
Director

MINISTERIAL STATEMENT OF RESPONSIBILITY

I am satisfied that the information on strategic intentions prepared by the Serious Fraud Office is consistent with the policies and performance expectations of the Government.



Hon. Anne Tolley

Minister Responsible for the Serious Fraud Office

June 2014

DIRECTOR STATEMENT OF RESPONSIBILITY

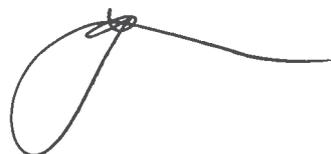
In signing this information, I acknowledge that I am responsible for the information on strategic intentions for the Serious Fraud Office. This information has been prepared in accordance with section 38 and section 40 the Public Finance Act 1989.



Julie Read

Director

June 2014



Carol Palmer

General Manager, Corporate Services

June 2014

NATURE AND SCOPE OF FUNCTIONS

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

Through the administration of the Serious Fraud Office Act 1990, we aim to provide investors and the public with the confidence that New Zealand law enforcement agencies are alert to all forms of serious financial crime. We do this by investigating possible instances of financial crime and, where evidence of offending is found, bringing about prosecutions to hold the 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.

We focus on a relatively small number of cases that have a significant impact on the economy or the New Zealand public and do not deal with less serious dishonesty offences, which are usually a matter for Police or other public sector agencies to investigate. In the case of bribery or corruption matters we investigate crimes that could undermine confidence in the public sector or are of high public interest.

As a government agency we must deliver on our outcomes with limited resources. We therefore prioritise cases according to whether they meet one or more of the following criteria:

- the nature and consequences of the alleged financial crime, such as whether a large number of people have been impacted by the alleged offending and if it has had a significant impact on those victims; and/or
- the scale of the alleged financial crime, including whether the alleged offending is likely to undermine public confidence in the integrity of New Zealand's commercial or financial markets; and/or
- the factual, financial or legal complexity of the alleged financial crime, including whether an investigation is beyond the resources of most other law enforcement agencies; and/or
- the nature of the public interest in the alleged financial crime.

To maximise value-for-money, we collaborate with other law enforcement and regulatory agencies to provide an all-of-government response to financial crime by pooling resources and minimising duplications. We consciously work to ensure that there is neither replication of investigative functions, nor matters 'falling between the gaps' of regulatory or law enforcement responsibilities.

We therefore 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 Department of Internal Affairs, 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 strategic partnerships with relevant private sector interests, such as accounting firms and insolvency practitioners, and with our international counterparts.

STRATEGIC OBJECTIVES

CONTRIBUTING TO GOVERNMENT PRIORITIES

The SFO contributes to the Government's priority of building a more competitive and productive economy by helping to maintain public and investor confidence in the integrity of New Zealand's financial and commercial markets, regulatory environment and justice system. We do this through the detection, investigation and prosecution of serious financial crime.

The Christchurch rebuild and the development of Auckland infrastructure involve large scale construction projects that pose significant financial, bribery and corruption risks. The SFO supports these Government priorities by actively collaborating with public and private sector partners to identify, deter or minimise the range of risks that may arise during the rebuild.

We plan to increase our contribution to Government priorities by collaborating with both public and private sector partners to develop an integrated approach to financial crime intelligence and a system-wide financial crime strategy. Integrated strategies will lessen the impact of financial crime on the economy through better identification of risks and coordinated cross-agency responses, including deterrence at both strategic and tactical levels. We have developed an agency specific intelligence strategy that will be integrated into a cross-agency approach to serious financial crime.

CONTRIBUTING TO THE JUSTICE SECTOR OUTCOMES

The SFO contributes to the Justice sector priority of a *safe and just society* by reducing the impact of crime, holding offenders to account and by maintaining strong institutions. The impact of crime is reduced through the deterrent effect of SFO prosecutions – the incidence of crime is reduced, the public and investors feel safer and victims of financial crime are supported. The SFO helps to maintain strong institutions by building public and investor confidence.

We also contribute to the Better Public Services targets of reducing rates of total crime and reoffending. We aim for an 85 percent conviction rate with at least 90 percent of convictions receiving a custodial sentence, because custodial sentencing for white collar crime is a strong deterrent to offending.

OUR OUTCOMES FRAMEWORK

GOVERNMENT PRIORITIES	OUR OUTCOMES	OUR IMPACTS
A more competitive and productive economy	A confident business environment that is largely free of serious financial crime	Business and investor confidence in the integrity of our financial markets is maintained or increased
JUSTICE SECTOR PRIORITIES		
A Safe and Just Society → Reducing the impact of crime → Maintaining strong institution	A just society that is largely free of fraud, bribery and corruption	Public and victims' confidence that those who commit financial crime are held to account is maintained or increased New Zealand maintains its international reputation for low levels of bribery and corruption

To achieve these outcomes, our primary activities are to detect, investigate and prosecute instances of serious financial crime. Where the opportunity arises, we also aim to contribute to the work of other agencies in 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.

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 public costs of detection, investigation and prosecution and loss of investor confidence. While the SFO is not currently able to quantify the indirect impact of reduced investor confidence, it is likely to be substantial because a lack of confidence acts as a barrier to investment in financial and commercial markets. In order to improve the economy, New Zealand needs to be recognised as having markets that are largely free of financial crime and an environment that makes it possible to readily detect and punish these crimes when they occur.

The key impact we are seeking to achieve for Outcome One is:

- business and investor confidence in the integrity of our financial and commercial markets is maintained or increased.

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

Our priority will be investigations where there is potentially a significant impact on public confidence in New Zealand as a safe place to invest, or on the integrity of our financial and commercial markets.

The focus of our work will be on:

- conducting high quality investigations within cost effective timeframes
- developing an inter-agency financial crime intelligence strategy
- working with key stakeholders to develop an integrated system-wide approach to financial crime.

This will result in:

- financial crime investigation resources being focused on the right priorities
- financial crimes being detected earlier, allowing us to prioritise the most serious
- financial crimes being investigated and prosecuted in an expeditious manner
- sharing of specialist skills across public sector agencies to create improved efficiencies across all government agencies addressing financial crime.

The performance indicator and measure for outcome one is:

IMPACT	INDICATOR	MEASURE AND TARGET	TREND RESULTS
Business and investor confidence in the integrity of our financial and commercial markets is maintained or increased	Those who say that law enforcement action is maintaining or improving the integrity of our financial and commercial markets	Survey of stakeholders conducted by the SFO "How effective have the SFO investigations and prosecutions been" Maintain or improve on 7.1 (scale of 10)	2013: 7.7 (scale of 10) 2011: 7.1 (scale of 10)

OUTCOME TWO: A JUST SOCIETY THAT IS LARGELY FREE OF FRAUD, BRIBERY AND CORRUPTION

The public want to know that the rule of law will be applied impartially if financial crime, bribery or corruption 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 the perpetrators held to account so their actions are not repeated elsewhere.

The key impacts we are seeking to achieve for Outcome Two are:

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

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

A major contributing factor to a 'just society' is that individuals who commit financial crime are apprehended and held to account for their offending and victims' rights are recognised. We cannot determine sentencing levels but it is important that we investigate cases that are of a scale and impact on victims which, if convictions ensue, are likely to attract significant sentences as a starting point. This recognises that the rights of the victim in a non-violent crime are being taken seriously. Custodial sentences for serious financial crime reinforce the public view that the crime has been taken seriously. Custodial sentences are known to be an effective deterrent to white collar crime.

The focus of our work will be on:

- ensuring that when serious or complex financial crime is detected, it is investigated and prosecuted in an expeditious manner
- ensuring that complainants, victims and witnesses are given appropriate information and support
- highlighting to the public through prosecutions the impact of criminal conduct on victims of financial crime and on the New Zealand economy.

This will result in:

- conviction rates and sentencing levels deterring future offending
- victims of financial crime being well supported
- increased public awareness of the impact of financial crime on society.

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

Bribery and corruption significantly disrupts economic growth. Potential investors, foreign or domestic, see it as adding unwarranted cost, risk and uncertainty to their business and investment decisions. Advantages of perceived low levels of bribery and corruption include lower cost of capital, lower cost of doing business and easier access to markets.

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 bribery and corruption in order to maintain these high levels of trust.

The focus of our work will be on:

- conducting swift and effective investigations into instances of significant bribery and corruption, which maintain public confidence in the integrity of the public and private sectors.

This will result in:

- fostering an honest and transparent environment for the conduct of business in New Zealand
- the maintenance of efficient and effective markets
- benefits to New Zealand businesses in leveraging New Zealand's reputation for low levels of corruption.

Performance indicators and measures for outcome two are:

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 the SFO:	2013: 84%
		Maintain or increase from 75% of cases	2012: 95% 2011: 89% 2010: 100% 2009: 69% 2008: 72%
	Victims of financial crime perceive that the actions of the SFO help to ensure that perpetrators of financial crime are held to account	Biennial survey of victims of financial crime cases conducted by the SFO:	2014: 80%
		"The actions of the SFO make a difference and help deter serious financial crime"	2012: 94%
		Maintain or increase from 65% of respondents	
New Zealand maintains its international reputation for low levels of bribery and corruption	New Zealand's ranking of corruption-free nations	Transparency International Corruption Perception Index.	Least corrupt ranking
		Maintain rank within the top three	2013: 1st equal with Denmark
			2012: 1st equal with Finland and Denmark
			2011: 1st
			2010: 1st equal with Singapore and Denmark
			2009: 1st
2008: 1st equal with Sweden and Denmark			

MANAGING FUNCTIONS AND OPERATIONS

CONSOLIDATION AND CHANGE

During 2014/15 the SFO will take stock, refresh our strategy and ensure that we are well positioned to maintain high levels of performance into the future. We are currently working through the PIF review recommendations and have initiated an expenditure review to ensure that we understand what is required to ensure that the SFO can carry out its mandate. These pieces of work will assist in identifying the 'right size' for the SFO and how best to structure the organisation for the future. This process will focus on four areas:

1. Operating Model

We will consider how best to structure the SFO to meet our future challenges and to continue to leverage the effectiveness of our multi-disciplinary investigation teams, while maintaining maximum flexibility and promoting the continued development of the expertise of our investigators, lawyers and accountants in conducting complex financial crime investigations. We will also look to improve the use of our practice management tools to more clearly understand the resource and cost requirements of our operations. This will include:

- identifying and putting in place the best operating model for the work of the SFO, to allow the senior leadership team to work on the business, as well as in it
- understanding the core staffing levels required to undertake the anticipated level of investigations and prosecutions, and respond to any unforeseen demands
- creating a flexible staffing model that will provide capability to work across agencies
- keeping connected with alumni and building relationships with other agencies with an investigative capacity to enable an effective response to new 'waves' of financial crime.

2. Connecting With Partners

The SFO believes that its success depends largely on the strength and depth of its connections with government and the private sector and aims to develop a stakeholder model that allows the Director to lead the agency and also attend to statutory duties. The Director's role must be supported by our general managers who will also have roles in creating strategic relationships with government and the private sector to ensure we are well connected at all levels. Our stakeholder relationships must ensure that, together with our fellow public sector agencies with responsibilities in this area, we can deliver a coordinated, effective and efficient response to financial crime. Our relationships also need to support us in our role as a part of the public service to ensure we deliver excellent value across the whole breadth of our operations.

We will closely examine our stakeholder relationships to identify opportunities to create multi-party strategic alliances with the aim of contributing to a system-wide approach to financial crime. The steps taken to connect with our partners will include:

- seeking to establish a high-level advisory panel to allow the Director to establish ongoing relationships with sector leaders
- taking advantage of existing opportunities to connect with government sector chief executives and senior employees, as well as forming stronger bonds with mentors and strategically important partners from the government sector
- consolidating our sector relationships at the general manager level to create strategic groupings
- looking to connect our general managers with their peers in law enforcement agencies and across government more generally
- actively looking for secondment opportunities at the senior level to and from other agencies to create broader relationships, get a better understanding of government and bring that knowledge into the SFO.

3. System-Wide Approach

The SFO will support the development of a system-wide approach to financial crime intelligence that will assist us and a number of other agencies that have an interest in this area. This will help us to assess the serious financial crime landscape. As part of this initiative we have developed an intelligence strategy that can be adapted to sit within a system-wide approach. Key steps within the strategy include:

- determining the nature and source of relevant information
- developing data collection systems and processes
- determining the best means of analysing and acting upon financial crime intelligence.

4. Strategic Responses

Particular cases of financial crime can often fall within and across the remit of a number of agencies. The SFO proposes to develop a strategic response to serious financial crime by sharing our information and insights with other agencies. Some specific actions we are considering include:

- providing better and more sophisticated information to courts on the impact of financial crime both generally and in relation to the matter before the court to support the sentencing process (where appropriate)
- assisting the preventative measures taken by other agencies by sharing the lessons we learn from our investigations and prosecutions about the reasons for financial crime
- identifying other avenues to support the preventative programmes established by other agencies.

BETTER PUBLIC SERVICES

Delivering better public services within tight financial constraints is one of the Government's four priorities. In addition to the outcome of our expenditure review and refreshed strategy, we will achieve this by:

- collaborating: greater collaboration across other law enforcement agencies and key organisations within the public sector means we can augment our limited resources and minimise duplication of effort of agencies investigating financial crime. These relationships will also increase awareness of the scope and impact that serious or complex financial crime has on our society - socially and economically.
- developing our expertise: the skills, commitment and professionalism of our employees are key to achieving our goals and purpose. We intend to remain the leading employer of forensic accounting, financial crime investigation and criminal legal expertise in financial crime and to further develop our capability. We will support and motivate our employees through effective leadership and a performance management framework that clearly links their activities to the wider goals of the SFO and the Government's priorities.
- Utilising technology: we will look to use technology in a manner that will enable more efficient management of cases. In addition, our systems and structures will be maintained to support our employees in delivering high quality and cost effective services.

OUR PEOPLE

Our success in achieving our priorities within our limited budget relies on our relatively small workforce, 90 percent of whom perform frontline activities of investigating and prosecuting financial crime. Our aim therefore is to continually increase the skills and knowledge of our employees to improve case management efficiency and thereby enhance our role as an industry leader in the detection, investigation and prosecution of financial crime. 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:

- developing a performance management framework which transparently and directly links employees performance and rewards to the SFO's outcomes framework and core principles
- implementing specific leadership training
- 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 that motivates high-performing employees and benefits the organisation;
- retaining our team of specialist talent and attracting the best people from leading private and public sector agencies
- continuing and enhancing our secondment programme to bring new skills and perspectives into the organisation and to support secondments externally to provide our employees with career development opportunities.

OUR RELATIONSHIPS AND PARTNERSHIPS

The SFO is 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 the use and sharing of intelligence data and minimise duplication of effort and public sector resources, thereby ensuring that investigations are efficient and cost effective. Our employees will continue to build relationships across the sector to complement their skills and resources in financial crime detection, investigation and prosecution.

We will achieve this by:

- implementing cross-sectoral partnerships with key law enforcement agencies, which will ensure seamless operational collaboration, including coordination of investigations around financial crime, bribery and corruption
- 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.

We will also begin to focus on closer international networks of law enforcement agencies with similar roles to that of the SFO, as serious financial crime becomes increasingly a cross-jurisdictional issue in this digital age.

OUR 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. Our software and supporting hardware infrastructure will have a level of functionality that is appropriate to the complex nature of our work.

We will achieve this by:

- reviewing the necessary technology for collecting, analysing and sharing information, including that used by partners, when developing our financial crime intelligence strategy
- annually reviewing our information technology to ensure that it meets the needs of the business
- conducting an annual review of available forensic computing software tools and planning for new software or upgrades, which will improve the efficiency and capacity of our investigatory work
- identifying opportunities to improve access to information through improvements to our documentary evidence management system.

OUR COMMUNICATIONS

We aim to communicate proactively and efficiently with our stakeholders. To do this we will clarify what our stakeholders expect from us and set clear expectations on our 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.

We will achieve this by:

- regularly reviewing and enhancing our communications strategy
- 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
- re-developing our website to ensure it is fit for purpose in providing the right information to the right people
- releasing high-value public data for reuse in accordance with the Declaration on Open and Transparent Government.

OUR SYSTEMS AND PROCESSES

We aim to ensure that our people management and other systems and processes support our operations in a manner that is efficient, cost effective and actively supports our three core principles.

We will achieve this by:

- continuing to develop our case and resource management processes through the use of project management tools
- monitoring cases in a manner that enables comparisons of timeliness, efficiency and cost effectiveness
- continuing to focus on reviewing and refining systems and processes
- ensuring that our people management processes are effective and aligned with organisational objectives.

MEASURING OUR CAPABILITY

The following table lists the indicators and associated measures that we will use to monitor our operational management:

CAPABILITY	INDICATORS	MEASURE AND TARGET
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
Leadership and organisational culture	Employees' engagement in their organisation	The SFO Employee Engagement survey: Engagement Index is 75% or higher
Relationships and partnerships	Partner agencies indicate satisfaction with their relationship with the SFO to demonstrate effective communication and collaboration	The SFO Key Stakeholders survey: rating is 8 out of 10 or higher
Technology, systems and processes	Effective resources made available to employees	The SFO Employee Engagement survey – “I have the tools and resources I need to do my job effectively”: Response is 66% or higher
Communication	Communication to complainants, victims and witnesses is effective	Complainants survey – “My concerns were understood and considered by the SFO”: Response is 89% or higher

