

# *Vote Serious Fraud*

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

DEPARTMENT ADMINISTERING THE VOTE: Serious Fraud Office (A37)

RESPONSIBLE MINISTER FOR SERIOUS FRAUD OFFICE: Minister of Police

## *Overview of the Vote*

The Minister of Police is responsible for appropriations in Vote Serious Fraud for the 2021/22 financial year covering the following:

- a total of just over \$14 million for preventing, detecting, investigating and prosecuting cases of serious financial crime, including corruption. This includes activities directed at making the commission of financial crimes more difficult, and its detection and prosecution more effective.

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

## Details of Appropriations and Capital Injections

### Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2020/21		2021/22
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Prevention, Investigation and Prosecution of Serious Financial Crime (M51) (A37)</b> This appropriation is limited to preventing, detecting, investigating and prosecuting serious financial crimes by the Serious Fraud Office.	13,850	13,850	<b>14,011</b>
<b>Total Departmental Output Expenses</b>	13,850	13,850	14,011
<b>Departmental Capital Expenditure</b>			
<b>Serious Fraud Office - Capital Expenditure PLA (M51) (A37)</b> This appropriation is limited to the purchase or development of assets by and for the use of the Serious Fraud Office, as authorised by section 24(1) of the Public Finance Act 1989.	307	307	140
<b>Total Departmental Capital Expenditure</b>	307	307	140
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	<b>14,157</b>	<b>14,157</b>	<b>14,151</b>

### Capital Injection Authorisations

	2020/21		2021/22
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Serious Fraud Office - Capital Injection (M51) (A37)	207	207	-

# Supporting Information

## Part 1 - Vote as a Whole

### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2020/21 Final Budgeted \$000	2021/22 Budget \$000	2022/23 Estimated \$000	2023/24 Estimated \$000	2024/25 Estimated \$000
Strengthening the Response to COVID-19 Related Serious Financial Crime	Prevention, Investigation and Prosecution of Serious Financial Crime (M51)	940	1,450	1,480	-	-
Total Initiatives		904	1,450	1,480	-	-

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2016/17	2017/18	2018/19	2019/20	2020/21		2021/22			2022/23	2023/24	2024/25
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	9,418	10,099	10,185	9,690	13,850	13,850	14,011	-	14,011	13,521	12,128	12,128
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	122	825	205	146	307	307	140	-	140	140	140	140
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Appropriations</b>	9,540	10,924	10,390	9,836	14,157	14,157	14,151	-	14,151	13,661	12,268	12,268
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	-	-	-	-	-	-	N/A	-	-	-	-	-

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

## Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year's information in the Summary of Financial Activity.

### 1.3 - Analysis of Significant Trends

#### *Total Vote: All Appropriations*

Increased Output expenses in 2017/18 were due to the development and introduction of a new Case and Evidence Management System where the Serious Fraud Office (SFO) received \$730,000 operating and \$660,000 capital, with an additional \$284,000 operating budget in each outyear thereafter.

Additional expenditure of \$490,000 in 2018/19 was due to the implementation of a national Anti-Corruption Work Programme. The SFO hosted the biennial Fraud and Corruption Conference and an Economic Crime Agencies Network meeting with a combined cost of \$133,000. The New Zealand contribution to the International Anti-Corruption Co-ordination Centre (IACCC) cost \$91,000. Other items of additional expenditure included assistance to the Vanuatu Office of Public Prosecutors and provision of a multi-agency Electronic Forensic Investigator.

In 2019/20, multi-agency commitments to an initial national Anti-Corruption Work Programme continued and a multi-agency funded Electronic Forensic Investigation service was continued. Assistance was provided to the Vanuatu Office of Public Prosecutors.

An increase in expenditure from 2020/21 of \$2.320 million is enabling the SFO to meet existing demand for increasingly complex financial crime investigations and to facilitate organisational resilience. The national Anti-Corruption Work Programme (phase 2) started in 2020/21 and will conclude in 2021/22 at a cost of less than \$800,000 per annum. The SFO has been funded from the COVID-19 Response and Recovery Fund (CRRF) Foundational Package to lead prevention activities in the public sector to reduce losses due to fraud and corruption in COVID-19 recovery activities. Additional expenditure from the CRRF will respond to the expected increase in serious and complex financial crime following the COVID-19 pandemic related economic downturn. This capability is planned to be retained to 2022/23 at a cost of \$940,000 in 2020/21 and less than \$1.500 million in each following year.

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Prevention, Investigation and Prosecution of Serious Financial Crime (M51) (A37)

##### *Scope of Appropriation*

This appropriation is limited to preventing, detecting, investigating and prosecuting serious financial crimes by the Serious Fraud Office.

##### *Expenses and Revenue*

	2020/21		2021/22
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,850	13,850	14,011
Revenue from the Crown	13,536	13,536	13,926
Revenue from Others	314	314	85

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

This appropriation is intended to ensure that financial crime and corruption is addressed through prevention, detection, investigation and prosecution; a high level of trust in New Zealand's public institutions and financial system is maintained; and New Zealand's international reputation in the fight against financial crime and corruption is maintained.

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

	2020/21		2021/22
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Timeliness: Percentage of complaints evaluated within 30 working days	80%	90%-95%	80%
Quantity: Number of Part 1 enquiries commenced	28-32	26-30	28-32
Timeliness: Percentage of enquiries completed within three months	80%	50%-70%	80%
Quantity: Number of Part 2 investigations commenced	10-14	10-12	10-14
Timeliness: Percentage of Part 2 investigations completed within targeted time (see Note 1)	Cat.A: 50% within 18mths Cat.B: 60% within 12mths	Cat.A:50-60% under 18mths Cat.B:40-60% under 12mths	Cat.A: 50% within 18mths Cat.B: 60% within 12mths
Quality: Percentage of formal post-investigation reviews that meet SFO quality criteria	90%	90%	90%
Quantity: Number of cases brought to prosecution	8-10	7-9	8-10
Quality: Percentage of defendants convicted	80%	100%	80%
Quality: Percentage of formal post-prosecution reviews that meet SFO quality criteria	90%	90%	90%
Quantity: Number of prevention publications or guidelines published (see Note 2)	New measure	New measure	6-8

Note 1 - Category A cases are those that involve high complexity. For example, a case that may contain one or all the following:

- a significant number of victims, large scale loss or a long period of alleged offending
- multiple alleged suspects
- inter-agency cooperation
- international assistance
- legal complexity.

Category B cases are all other cases.

Note 2 - A Strategy and Prevention team was established in September 2020 to undertake counter-fraud and corruption activities. Prevention publications or guidelines are published or circulated primarily to government agencies, but also more widely.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Serious Fraud Office's 2021/22 Annual Report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2020/21 Final Budgeted \$000	2021/22 Budget \$000	2022/23 Estimated \$000	2023/24 Estimated \$000	2024/25 Estimated \$000
Strengthening the response to COVID-19 Related Serious Financial Crime	2020/21	940	1,450	1,480	-	-
Protecting New Zealand as a Safe Place to do Business	2020/21	2,320	2,376	2,435	2,522	2,522
Anti-corruption Work Programme	2018/19	570	579	-	-	-
Case and Evidence Management System	2017/18	295	295	295	295	295



## 2.3 - Departmental Capital Expenditure and Capital Injections

### Serious Fraud Office - Capital Expenditure PLA (M51) (A37)

#### *Scope of Appropriation*

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

#### *Capital Expenditure*

	2020/21		2021/22
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	245	245	120
Intangibles	62	62	20
Other	-	-	-
<b>Total Appropriation</b>	<b>307</b>	<b>307</b>	<b>140</b>

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

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

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

	2020/21		2021/22
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The capital plan developed and managed throughout year	Capital plan for implementation by 1 July 2020	Completed by 1 July 2020	Capital plan for implementation by 1 July 2021

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Serious Fraud Office's 2022 Annual Report that will cover the 2021/22 financial year.

#### *Reasons for Change in Appropriation*

The decrease to this appropriation for 2021/22 is mainly due to the return to a normal level of capital expenditure following a one-off increased level of expenditure in 2020/21 for additional IT infrastructure and forensics tools to meet existing demand for increasingly complex financial crime investigations.

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

Details of Net Asset Schedule	2020/21 Estimated Actual \$000	2021/22 Projected \$000	Explanation of Projected Movements in 2021/22
Opening Balance	1,112	1,319	
Capital Injections	207	-	Purchase of additional equipment to meet existing demand for increasingly complex financial crime investigations in 2020/21
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>1,319</b>	<b>1,319</b>	