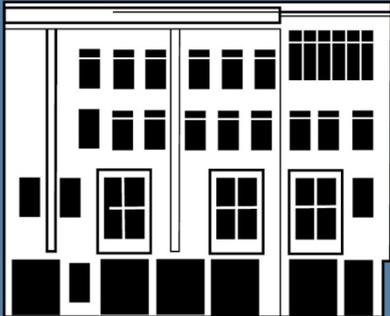


Statement of performance



Statement of performance

The SFO provided services within Vote Serious Fraud in order support the outcomes of:

- a confident business environment that is largely free of serious financial crime
- a just society that is largely free of fraud, bribery and corruption.

Strategic measures and results

The tables below summarise the outcomes we aim to achieve and how we measure our performance against our strategic goals.

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

Impacts	Indicators	Measures	Trend Results
New Zealand is a safe place to invest and do business*	Businesses say that law enforcement action is maintaining or improving the integrity of our financial and commercial markets	Biennial SFO Stakeholder Survey**	2016/17: 7.7 2014/15: 7.3 2012/13: 7.7 2010/11: 7.1
		Maintain or improve on 7.1 (scale of 10)	
	The public have trust and confidence that financial criminals will be prosecuted	Biennial Public Survey*** Public feel that "New Zealand is a safe place to invest"	2017/18: 67% 2015/16: 63% baseline
Our reputation for low levels of financial crime, bribery and corruption provides a global competitive advantage to New Zealand businesses****	New Zealand's ranking of corruption-free nations	Corruption Perception Index	2017: 1st 2016: 1st equal Denmark 2015: 1st equal Denmark 2014: 2nd 2013: 1st equal Denmark
		Achieve ranking within the top three	

*The measures and trend results remain the same as the SOI 2016/2017, however the wording of the impact and indicator statement have been altered in the ISSI to align with the outcomes in the SFO's Strategic Plan 2016-2020. Previously wording read: Business and investor confidence in the integrity of our financial and commercial markets is maintained or increased. And, "Those who say that law enforcement action is maintaining or improving the integrity of our financial and commercial markets." The biennial public survey result is a new measure for this impact.

**The 2017 independent survey requested the participation of 55 key SFO stakeholders in New Zealand. Of these, 39 were interviewed about their perceptions of the SFO's performance, using a rating scale of 1-10. This survey is qualitative research with no margin of error. The next survey will be conducted in 2019.

***MMResearch manage this Public Trust and Confidence survey. The survey is conducted every second year and in accordance with the Code of Practice established by the Research Association of New Zealand. A nationwide sample of New Zealand citizens/residents, who are at least 18 years old, are randomly selected. In 2018, initially 1,277 people were contacted to achieve a sample of 613 people who were aware of the SFO. The agreed minimum sample for this survey is 600. The survey has a margin of error of $\pm 4.0\%$. The research was conducted in good faith and with due regard to standards set by the Market Research Association of New Zealand.

****Now in Outcome 1 rather than Outcome 2 to reflect the increased focus on the business sector in the SFO's Strategic Plan 2016-2020. The wording of the impact statement has also changed to align with the outcomes in the SFO's Strategic Plan 2016-2020. In the SOI 2016/2017 it read: "New Zealand maintains its international reputation for very low levels of bribery and corruption."

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

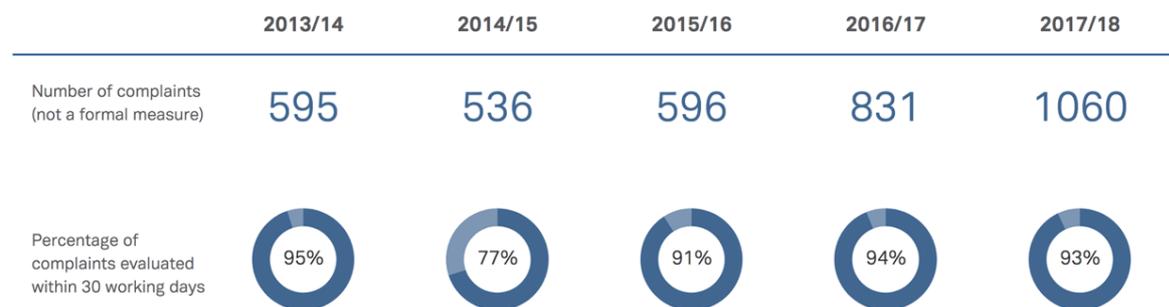
Impacts	Indicators	Measures	Trend Results
Increase cross-agency capability to achieve Justice Sector shared goals	Collaboration across the Justice Sector and other agencies	Number of joint investigations initiated	2017/18: 2 2016/17: 2* baseline
	Educate and interact	Biennial Public Survey	
		Public agree the SFO: “does a good job in demonstrating the consequences of serious financial crime”	2017/18: 61% 2015/16: 53%*
Confidence increases that the main defendant in financial crimes cases is held to account	Frequency of custodial sentences being ordered where a conviction against the main defendant was obtained	Annual analysis, including trends compiled by the SFO	2017/18: 100% 2016/17: 100%* baseline
		Maintain or increase from 75% of cases	
<p>*Results no longer directly comparable as the method of calculation changed in 2015/16 to include home detention. Although not a term of imprisonment, home detention is a custodial sentence. This measure has been amended to pertain only to conviction of the main defendant. Note that the SFO’s role is to put the appropriate cases before the Courts, not to determine sentences.</p>			

Operational performance measures and results

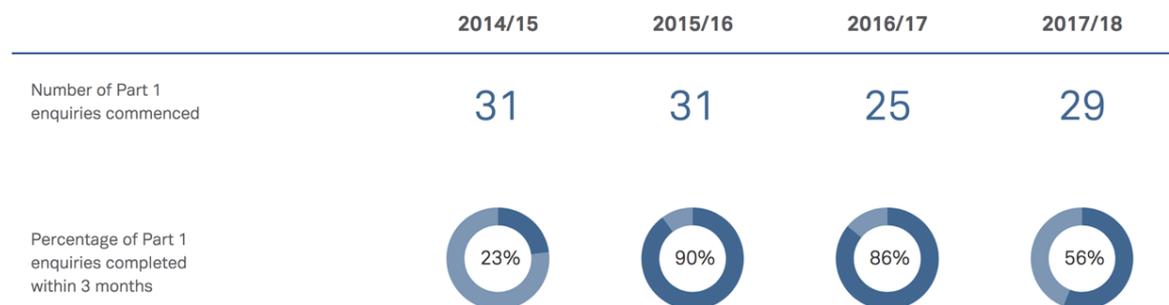
Statistical trends

Performance measures and standards have been established to monitor the efficiency and effectiveness of managing the three key activities of complaints, investigations and prosecutions within the output expense. The measures for Part 1 enquiries were instigated in 2015/16 so the 2014/15 results have no direct comparison. Investigations commenced refers only to Part 2 investigations. Prior to 2014/15 results included what are now separate Part 1 enquiries which took less time to complete.

COMPLAINTS: Statistical trends



PART 1 ENQUIRIES: Statistical trends



PART 2 INVESTIGATIONS: Statistical trends



*Complex investigations completed within 18 months

PROSECUTIONS: Statistical trends

	2013/14	2014/15	2015/16	2016/17	2017/18
Number of cases brought to prosecution	8	6	10	10	9
	CASES	CASES	CASES	CASES	CASES

Output expense: investigation and prosecution of serious financial crime

Description

This output expense provides for services by the SFO to detect, investigate and prosecute serious financial crimes, including activities directed at making the commission of financial crimes more difficult, and detection and prosecution more effective. These activities include work outside our core role, such as educating those in the industry through attending events or speaking opportunities. We proactively communicate and raise awareness of our work with our stakeholders. The SFO also actively researches and gathers knowledge from international bodies to improve our effectiveness.

Complaints

Complaints are first evaluated by the Evaluation and Intelligence team to determine whether or not they fit the criteria set for investigations by the SFO. If the matter falls within the mandate of the SFO, the complaint moves to the Part 1 enquiry phase. If not, the complaint is either referred to the appropriate agency, or closed and the complainant is notified. The number of complaints is not a performance target.

Actual 2016/17	Performance Measure	Budget Standard 2017/18	Actual 2017/18
94%	Timeliness Percentage of complaints evaluated within 30 working days*	80%	93%

*Does not include complaints open at the end of 2017/18.

Actual performance

The SFO received 1060 complaints in 2017/18. Despite the 78 percent increase in complaints over two years, the number of Part 1 enquiries that resulted has remained consistent. The SFO exceeded its standard for timeliness in evaluating complaints. Those which do not meet the SFO's mandate are referred to the most appropriate agency to assist the complainant.

Part 1 enquiries

Part 1 enquiries align with Part 1 of the Serious Fraud Office Act 1990, which provides the agency with limited powers to carry out an enquiry into the affairs of any person where the Director suspects that the investigation may disclose serious or complex fraud.

The Part 1 enquiries enable the SFO to better determine whether allegations of fraud should progress to a full investigation and the scope of that investigation.

Actual 2016/17	Performance Measure	Budget Standard 2017/18	Actual 2017/18
25	Part 1 enquiries Quantity Number of Part 1 enquiries commenced	30-40	29
86%	Timeliness Percentage of Part 1 enquiries completed within 3 months*	80%	56%

*Does not include Part 1 enquiries open at the end of 2017/18.

Actual performance

During the year, two evaluated complaints that would ordinarily have become Part 1 enquiries were directed straight to Part 2 investigations. These cases were fast-tracked due to either the urgency of the issue or the quality of evidence provided. Had this not occurred, the SFO would have met the quantity standard for this measure (31 enquiries).

The methodology for measuring the timeliness of Part 1 enquiries has changed for 2017/18. We have improved the accuracy of our data extraction with a more accurate cut-off at three months and the reported result now captures Part 1 enquiries opened in the previous year and still open at the start of the current reporting year. Had this methodology been used in 2016/17, the actual timeliness achieved would have been 58 percent.

Investigations

Part 2 of the SFO Act provides the SFO with more extensive and coercive powers to investigate matters where there are reasonable grounds to believe that an offence involving serious or complex fraud may have been committed. Once a Part 1 enquiry meets the criteria, the formal investigation is undertaken by an investigation team.

Actual 2016/17	Performance Measure	Budget Standard 2017/18	Actual 2017/18
18	Quantity Number of Part 2 investigations commenced*	14-16	18
27%	Timeliness Percentage of Part 2 investigations completed within targeted time**	Category A: (50% within 18 months)	44%
		Category B: (60% within 12 months)	40%
71%	Percentage of formal post-investigation reviews that meet the SFO quality criteria***	90%	100%

*Does not include open enquiries at the end of the financial year which may still have met the 60% measure.

**Category A cases are highly complex. They may contain one or all of 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.

***Formal written quality assurance reviews are conducted following each investigation and prosecution, and include: a summary of issues arising during the course of the case; any recommendations for changes to improve SFO policies, case management procedures or external issues; an overall assessment of the quality of the conduct of the investigation or the prosecution. Recommendations from the quality assurance reviews are considered by the senior leadership team within two months of the completion of the review.

Actual performance

The SFO opened 18 investigations this year, exceeding the target of 14-16 investigations. This result was primarily due to receiving more cases that met the criteria for formal investigation. This indicates that decisions about opening Part 1 enquiries were appropriate.

The timeliness targets were new in 2017/18 and while the Part 2 timeliness target has not been met for either complex or non-complex investigations, this in part reflects the existing workload of cases on hand at the start of 2017/18 and delays due to transition to new systems.

Given the size of the SFO's caseload and its limited investigative resources, in any given year, a handful of large or complex cases can have a disproportionate impact on timeliness across all cases. Analysis of case completion over the last four years shows that the SFO has on average achieved its new complex investigations timeliness target. Evaluation of timeliness targets over a longer timeframe would arguably more accurately reflect the nature of the SFO's work and caseloads.

While some case timeliness targets were impacted by the embedding of the new case and evidence management system, the anticipated benefits are expected to improve the efficiency of our operations and flow through in to case completion times over the next few years.

Prosecutions

A decision on whether or not to commence a prosecution is made by applying the Prosecution Guidelines issued by the Solicitor-General. The decision is also supported by the advice of Prosecution Panel Counsel and the SFO team assigned to the investigation. The Panel member provides the Director with their opinion on the proposed prosecution and reviews proposed charges.

Actual 2016/17	Performance Measure	Budget Standard 2017/18	Actual 2017/18
10	Quantity Number of cases brought to prosecution	10-12	9
New measure	Quality Percentage of defendants convicted	80%	100%
100%	Quality Percentage of formal post-prosecution reviews that meet the SFO quality criteria (Note 1)	90%	100%

Actual performance

This year's performance, while below the target by one, is in line with the previous two years.

The consistency in our results reflect three recent changes: the introduction of an improved structure for Part 1 enquiries, implementation of a new Investigation Management Framework and regular prioritisation meetings. The new Part 1 enquiry model provides more effective scoping of investigations, particularly those that can be expedited quickly. The implementation of regular prioritisation meetings has resulted in a more focused application of resources to priority cases including those likely to result in prosecution. The Investigation Management Framework informed the functionality of the new systems. It consists of a series of mandatory steps in the investigation process to ensure consistency of information recording, review of risks and issues, scope consideration, tasking and time captured functionality and a lessons learned phase.

Capital performance

Actual 2017	Performance Measure	Budget Standard 2018	Actual 2018
Completed 1 July 2016	The capital plan is developed and managed throughout the year	Capital plan for implementation 1 July 2017	Completed 1 July 2017

Financial performance

	2017 Actual \$000	2018 Main estimates \$000	2018 Supp estimates \$000	2018 Actual \$000	2019 Main estimates \$000
Revenue					
Crown	9,280	9,935	10,142	10,142	9,529
Other	456	85	254	282	85
Total revenue	9,736	10,020	10,396	10,424	9,614
Expenditure	9,418	10,020	10,396	10,099	9,614
Net surplus	318	0	0	325	0

There have been no material changes between New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Public Sector Accounting Standards (IPSAS).