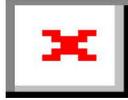


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Covert Services Division

Melbourne 3004
Victoria, Australia
4 July 2012

Assistant Commissioner ICSD
Intelligence & Covert Support Dept.

Subject: Source Development Unit - Organisational Risk associated with non-compliance of Covert Human Source Intelligence Source Policy Guidelines.

At your direction I have commissioned an analysis of Source Development Unit (SDU) practice in their handling of covert human intelligence sources (CHIS). This report is a brief summary of some of the significant issues identified by SDU management raising concern as to the level of compliance with Force CHIS policy.

Acceptance of Responsibility

Preliminary advice from the Review into the handling of Witness 'F' indicates there are concerns over the application of the *'Acknowledgement of Responsibility'* requirement. Policy dictates that the CHIS must be made aware of their responsibility within the source-handler relationship, including the parameters of their deployment. This can be done in writing with a prepared form signed by the source or verbally with the instructions [REDACTED]

An audit of the [REDACTED] current SDU human sources reveals that only [REDACTED] have signed an AOR. [REDACTED] have been utilised for [REDACTED] others. The remaining [REDACTED] have [REDACTED] issues some of which may be able to be retrieved.

The practice of verbal delivery of the AOR has developed within the SDU. Analysis indicates that in some specific cases the AOR is interspersed in the general conversation with the CHIS often with differing aspects touched on at differing times. This practice will not be continued as it fails to convey clear direction and requirements to the source.

Resistance to managerial intervention/direction

There have been several cases in which SDU personnel have strongly resisted managerial intervention or direction pertaining to the registration, de-registration or handling of CHIS. Resistance to supervision and management intervention increases the risk to the organisation.

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The following examples illustrate managerial concern over the resistance from SDU personnel in day to day source handling;

i. *Local Source Registrar (LSR) assessed that the CHIS was not suited to be deployed into the [REDACTED] environment and due to [REDACTED] may [REDACTED] which would precipitate significant risk of harm.*

ii. *Detective Inspector SDU and LSR assessment that CHIS was not a fit and proper person to be deployed by investigators.*

iii. *CHIS had been identified through other intelligence sources to be actively involved in planning a [REDACTED] following the [REDACTED]. SDU personnel did not accept the risk assessment of management and argued to continue deployment in the face of strong evidence that deployment would/could be used by source as a likely defence if [REDACTED] against the person. Source has significant prior convictions including [REDACTED]*

iv. *Staff had to be directed not to pursue recruitment of a high level [REDACTED] due to corruption links and his involvement in a current [REDACTED]*

v. *CHIS under separate investigation including electronic surveillance. SDU personnel desirous of issuing source with a [REDACTED] to enable deployment. Non acceptance of the negative impact to the investigation and [REDACTED] responsibilities.*

vi. *Staff confused with misguided loyalty to source, had to be directed not to pursue notification of CHIS of pending raids.*

Staff selection

Prior to current management the SDU had a culture of peer selection in the recruitment of new personnel. Too much control in this area was left in the hands of a few individuals. Peer selection ensured that despite the best of intentions the unit became insular. Peer selection stifled independent thinking within the unit. This practice has now ceased.

Controller rank becoming too involved in source strategy rather than handling.

The Controller rank requires sound knowledge of the role of source related intelligence within criminal investigations, coupled with a full appreciation of the parameters for acceptable source handling practice. Strength of character is vital to ensure that the [REDACTED] within the Controller role will provide the necessary guidance and regulation to maintain the entire process of source handling with regards to the law, ethics and organisational responsibility.

The controller role faces a difficult challenge; the source handlers are by the nature of the position often single minded individuals who are experts in their field and no strangers to the psychology of human relations. The management of these persons is not an easy task, it

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requires good interpersonal skills and independence to ensure that Ethical integrity is consistently reinforced through strategic decisions. Whilst the respective controllers in the office have to the best of their ability sought to do this they appear too focused upon personal relationships and the protection of their professional ego in the face of supervisory or managerial challenge.

Stress upon individuals undertaking CHIS handling

In the initial pilot project report the stressful nature of the work was to be addressed by limiting the tenure of members within the unit. Inexplicably this was not pursued upon unit formation, no reasons have been found to explain the decision, it is speculated that the project team discarded their own proposal based upon self interest. It has become clear that a number of personnel see their positions as “holding life tenure.”

The Force Psychology Unit acknowledges that long term handling of CHIS is stressful and can have detrimental effects upon some members. The psychology of frequently dealing with deceitful criminals in a high risk environment is taxing and at times intrudes upon the personal lives of the handlers. Phone contact after hours can adversely affect the family lives of handlers. The disruption allowance was introduced as financial compensation for this. The financial incentive to remain in position has become a blocker to staff turnover particularly for personnel who are within retirement age.

This mentality adds to a culture of insular behaviour within the SDU which resists leadership and management intervention.

Conclusion

The SDU have provided integral assistance to major criminal investigations. The resultant impact of the information they have obtained upon drug trafficking and other serious organised crime activities cannot be under estimated.

Handing of CHIS particularly high risk sources presents significant risk to the handlers and to the Force. It is a question of a balanced risk management approach being taken by management with due consideration being given to the risk as opposed to the rewards to be obtained in the deployment of a particular CHIS.

It is apparent that the SDU is highly resistant to managerial intervention. This presents as a significant blocker to ensuring compliance with Force policy and hence managing the risk.

Paul Sheridan.
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