

**EDUCATION & HOME AFFAIRS SCRUTINY PANEL**  
**(a Sub-Panel Chaired by Deputy Trevor Pitman)**

**ISSUES SURROUNDING THE REVIEW OF FINANCIAL MANAGEMENT OF  
OPERATION RECTANGLE**

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**WRITTEN SUBMISSION OF MR MICHAEL KELLETT**

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1. Michael KELLETT has prepared this written submission for a Sub-Panel of the Education & Home Affairs Scrutiny Panel (the "Sub Panel") in respect of their Review entitled "*Issues surrounding the review of financial management of Operation Rectangle*".
2. I understand that the Sub Panel has agreed the following terms of reference:
  - To examine the instructions under which BDO Alto was engaged to review the financial management of Operation Rectangle and their methods for gathering evidence for this review;
  - To clarify the connection between the BDO Alto review and the review on the same matter separately commissioned by the Acting Chief Officer of Police;
  - To identify the reasons why the Senior Investigating Officer for Operation Rectangle was not interviewed and was not given the opportunity to respond to the report's findings;
  - To clarify the liaison between BDO Alto and the Wiltshire Police, in particular the references in the BDO Alto report to the Senior Investigating Officer's statements to Wiltshire Police;
  - To investigate how details of the review into the financial management of Operation Rectangle came to be published in a national newspaper in October 2009; and
  - To consider the implications of the Sub Panel's findings.

3. I have read the written submission made by BDO Alto and I associate myself with it in its entirety; it also represents my views on the matters being examined. However, there are certain additional facts that are within my personal knowledge and with which I may be able to assist the Sub Panel.

### **MY APPOINTMENT AND TERMS OF REFERENCE**

4. In March 2009 I was engaged by the Acting Chief Officer of the States of Jersey Police to carry out a review of certain aspects of Operation Rectangle. The full terms of reference, which I was handed when I began my work, read as follows:

#### **'Operation Rectangle – Review of the Efficient and Effective Use of Resources**

Employment of Mr Michael Kellett:-

The Home Affairs Accounting Officer, [Accounting Officer], has employed accountants to conduct the above review.

The accountants have no knowledge relating to the management of police operations or police regulations. The review will benefit from the involvement of an experienced police manager.

As a former Senior Investigating Officer, who also set up the North West Regional Asset Recovery Agency, Mr Kellett is ideally experienced to work with the accountants.

Additionally, Operation Rectangle has identified certain areas of expenditure that require scrutiny. Mr Kellett is being employed to liaise with and assist where possible the accountants and to identify expenditure on specific areas.

Where able he will comment on the expenditure and potentially identify future best practice for the States of Jersey Police. This finance review is related to item 7 of the Terms of Reference for Operation Rectangle.

The initial areas of expenditure that require scrutiny are:-

1. The Forensic Spend at Haute de la Garenne. The full cost, including travel, hotel and subsistence bills. (No forensic strategy)
2. The employment of Mr Martin Grime – Specialist Dogs
3. The deployment of PC [X] – SIO Driver
4. The cost and management of the security cordon at Haute de la Garenne
5. The purchase of glassware for seconded officers

6. A trip to London by various officers commencing on Wednesday 30th April 2008. (Other visits may also require scrutiny)
7. The employment of seconded and agency staff to Jersey. Including issues such as travel and rest day rate.
8. The use of corporate credit cards for entertaining visitors and staff.
9. Anomalies identified by the review.
10. The management of overtime on Operation Rectangle.

Other areas may become relevant as the review progresses.'

5. Whilst it was not explicitly stated, it was my understanding from the outset that BDO Alto and I would prepare a joint report of our findings.
6. Whilst carrying out the review, I was mindful of the importance of the principle of independence, as stated in Section 4 of the ACPO Murder Investigation Manual<sup>1</sup>. With the exception of the issue I discuss in paragraphs 12 to 18 below, the only way in which the manner or substance of my work was constrained by anyone or anything was by the parameters of my terms of reference which, as is evident from their final sentence, were quite wide and flexible.
7. However, in his written submission to the Sub Panel and subsequently when giving oral evidence, the former Senior Investigating Officer, Mr Leonard Harper, has alleged that, due to the nature of my relationship with his successor, (now retired) Detective Superintendent Michael Gradwell, I was not independent. He has also asserted that he finds it difficult to believe that the then Acting Chief Officer would have appointed someone who was truly independent. I absolutely reject this allegation, which is totally unfounded. This slur on my professional integrity can only serve to deflect attention from, or devalue, the conclusions contained in the report and Mr Harper should be asked to provide evidence to support it.
8. In relation to the then Acting Chief Officer, Mr David Warcup, prior to arriving in Jersey in March 2009 I had never met him, nor indeed, had I ever heard of him.
9. In relation to Mr Gradwell, we were members of the same police force in the UK, the Lancashire Constabulary and have known each other for approximately twenty-five years. For a time, about twenty years ago, we were close colleagues.

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<sup>1</sup> Major Crime Reviews, ACPO Murder Investigation Manual, pp83-88, 2006 edition.

However, in 2001 I commenced an overseas secondment and on my return to the UK in 2003, I headed a Home Office funded regional unit, not based in Lancashire, until I retired from the police service at the end of 2006. Throughout that period, from 2001 until March 2009, I had little or no personal or professional contact with him. Since leaving Jersey at the end of July 2009 I have spoken with him on only four or five occasions, by telephone, mainly in relation to matters pertaining to Operation Rectangle.

10. Even if that had not been the case, it does not follow that I was not independent. Reviews have been a feature of major criminal investigations in the UK for the best part of two decades. Senior investigating officers are used to their investigations being reviewed by colleagues and to carrying out reviews of colleagues' investigations objectively, independently and in a professional manner. It may be that Mr Harper, who I understand prior to him deciding to take command of Operation Rectangle had not been involved in major crime investigation for some time, is unfamiliar with this common best practice.
11. Furthermore, there appears to be some inconsistency in Mr Harper's approach to this issue. I understand that shortly after police operations commenced at Haut de la Garenne, at the suggestion of Chief Officer Graham Power, he made contact with a former senior officer in the Metropolitan Police Service (MPS) who was then a member of the Serious Organised Crime Agency and a member of the ACPO Homicide Working Group. He asked this officer to come to Jersey to act as his mentor during the investigation. Subsequently, on a number of occasions, he described this officer as carrying out a review and in evidence to the Sub Panel said that he was both mentor and review officer. Whether he was one or the other, both or something in between the two, at the very least the role(s) clearly demanded a sense of objectivity and independence on the part of both men. Yet I believe that Mr Harper and the officer had served together for a number of years in the MPS and had remained in contact after Mr Harper had transferred from MPS. I do not know if Mr Harper has ever met Mr Gradwell but he has certainly never met me. I therefore find it odd that he would so publicly deny Mr Gradwell and I the ability to have a professional working relationship at the same time that he so readily grants that ability to himself and his former colleague.

#### **THE FAILURE TO INTERVIEW MR HARPER**

12. I entirely understand Mr Harper's anger that he was not interviewed as part of the Review and I agree that the failure to interview him was undesirable.

13. It had always been my intention from the outset to interview him, as this would have been a natural and essential part of the process, should he have been willing to be interviewed in the first place. I had discussed this at an early stage with members of the Wiltshire investigation team<sup>2</sup> and we had agreed that, in order to save time and to interfere with Mr Harper's domestic life as little as possible, it would be appropriate for us to do so at the same time. They had already interviewed him once and were due to reinterview him shortly, so I began to draw up a list of the issues I wished to discuss with him. Some days after this agreement, I mentioned it in passing during a conversation with Mr Gradwell. To my great surprise he suggested that Mr Warcup may have some views about this and that it would be a good idea if I mentioned my intention to him before acting. I did so and Mr Warcup told me that he did not think it was advisable at the moment but that it might be possible at a later stage. During the next two or three months I raised the matter with him on several occasions and part of our dialogue has been recounted in the written submission of BDO Alto.
14. Ultimately, on 2nd September 2009, I sent him an e-mail, the relevant part of which reads as follows:-

'I spoke with Mick Gradwell last week, before he left Jersey, and I understand from him that you have not changed your mind concerning my request to seek an interview with ex-DCO Harper [ ... ]. I think it is therefore appropriate that I set out my position.

You have previously given me reasons why you do not think it proper for me to interview Mr Harper, even though this is a course of action that in any other review would be unremarkable, standard and indeed essential. However, I still feel that my understanding of your reasons is insufficient for me to be able to be entirely sure that you have arrived at the correct decision. You have said that it is because an interview could affect other matters being investigated and at our meeting on 21st July you specifically mentioned Operation Blast as being one of these. Given what I understand to be the substance of Operation Blast I cannot understand how it could be possible for any interview I were to have with Mr Harper concerning the matters I am reviewing to prejudice that investigation.

[...]

I think it is important to point out that, until recently, it had been the intention of the Wiltshire team and I to interview Mr Harper together, something they would not have agreed to if they had considered that my questions might have prejudiced their investigation. Whilst events

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<sup>2</sup> I outline the nature of my relationship and dealings with the Wiltshire Constabulary investigation team below in paragraph 19 onwards.

have overtaken this intention, having spoken to members of the team in recent weeks and since you and I met on 21st July, I have no reason to believe that their opinion has changed about the impact on their work of any interview carried out by me.

I have previously expressed my concern to you, both verbally and in writing, that not interviewing Mr Harper will seriously undermine the credibility of the review. As the former Senior Investigating Officer of Operation Rectangle he should be given an opportunity to influence the outcome of the process and, given the seriousness of what has been found, natural justice dictates that he be allowed to do so.'

15. Mr Warcup replied to me in a letter dated 7th September 2009. In relation to the points I had made concerning the interview with Mr Harper he said:-

'Let me be absolutely clear that in our meetings I was explicit in my reasons for pursuing the course of action which I have, which were to ensure that the enquiry being conducted by Wiltshire was not prejudiced. I also felt it appropriate to have available to me the information from your review and that of the Wiltshire enquiry before making any further decisions.'

16. The matter was left there and so Mr Harper was, unfortunately, not interviewed by me.
17. Having said that, I feel that it is my duty to stress that I do not believe that anything Mr Harper would have said in interview would have altered in any substantial way the findings that the personnel from BDO Alto and I arrived at. I have read Mr Harper's written submission to this Sub Panel and the transcript of the oral evidence he gave, together with some other written contributions to internet blogs, in which he attacks our conclusions. However, nothing has persuaded me to change my position in relation to the manner in which the financial and human resources were managed during Operation Rectangle.
18. As is pointed out in the written submission of BDO Alto, the Review was not an investigation of any individual but was designed to ascertain what had occurred and to make recommendations for the future. Indeed, that much is clear from my terms of reference. We acknowledge the dedication of many individuals in the States of Jersey Police who were working under great pressure and for lengthy periods without time off, including Mr Harper himself. The manner in which some of our conclusions were expressed was diluted precisely because we had not been able to speak to Mr Harper. Nevertheless, as he himself pointed out in his oral evidence, he made the bulk of the financial decisions and he therefore cannot absolve himself of the extremely serious and costly errors that were made.

## **THE RELATIONSHIP WITH THE WILTSHIRE INVESTIGATION TEAM**

19. Shortly after I began work on the review, I had a meeting with members of the team from Wiltshire Constabulary who were investigating matters arising from the suspension of Chief Officer Graham Power. The initiative for the meeting came from them but in any case, it made complete sense to me. Whilst our roles and objectives were different, there were many overlaps in our work. We were interested in interviewing some of the same people and in accessing many of the same documents and IT systems. During the following months we had further meetings, on an *ad hoc* basis, to exchange information and on several occasions I drew their attention to evidence I had obtained that was pertinent to their investigation. This was done openly and with the knowledge of the Acting Chief Officer, of Mr Gradwell and of BDO Alto, although BDO Alto did not participate in any of these meetings<sup>3</sup>.
20. A central focus of both the Wiltshire investigation and of the work being carried out by BDO Alto and I were the actions of Mr Harper. I was aware that Wiltshire had already interviewed him and that a written record existed of the interview in the form of a draft statement. I therefore asked if I could see it. I was not allowed to do so immediately, as Wiltshire decided to seek legal advice as to whether this was permissible. In due course they were told that it was and I was given access to it; I was not given a copy but was able to take notes of its content.
21. In due course I incorporated several points from Mr Harper's statement into drafts of sections of my report which I sent to the Wiltshire team. I am aware that these drafts were passed on to the Wiltshire lawyer. Subsequently, the drafts were incorporated into the joint report of BDO Alto and I. I understand that the consolidated draft was also sent to Wiltshire, although I am not able to say if it too was examined by their lawyer, as by this time I had left Jersey.
22. I am not aware whether Mr Harper was, as he claims, given any assurances as to how his statement would be used. At no time was I told that I was not able to include references to his statement in any documents I drafted. In fact, only three references to his statement were included in the consolidated report.

## **PUBLICATION OF DETAILS OF THE REVIEW IN A NATIONAL NEWSPAPER**

23. The first I knew of the article published in the Mail on Sunday on 4th October 2009 was the following day, when I received a telephone call from the Managing

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<sup>3</sup> I should also point out that neither did the Acting Chief Officer, Mr Gradwell or indeed, anyone else.

Director of BDO Alto to inform me of the fact. During my time in Jersey and since, I have had absolutely no contact, formal or informal, with any journalist.

24. For the reasons set out in the written submission of BDO Alto, it is clear that it was not an 'interim report' or the consolidated report that was leaked to the newspaper but rather content of the drafts of sections of my contribution to the report.
25. My practice during the review was to forward the first drafts of sections of my report to the Acting Chief Officer, to Mr Gradwell, to the Wiltshire team and to BDO Alto. Only BDO Alto were sent updated drafts, as and when amendments were subsequently made to the originals.
26. Some days after the article had appeared, I received a telephone call from Mr Gradwell in which he admitted that he had been responsible for the leak.
27. I received two further telephone calls from Mr Gradwell on 26th June 2011 and 1st July 2011, concerning the establishment of this Sub Panel and he again acknowledged that he had been responsible.

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