



Report	16.82
Date	29 February 2016
File	CCAB-22-86
Committee	Finance, Risk and Assurance Committee
Author	Wayne Hastie, General Manager, Public Transport Dave Humm, General Manager, Corporate Services/Chief Financial Officer

NZ Transport Agency Investment Audit Report

1. Purpose

To present to the Committee the NZ Transport Agency Investment Audit Report on their investment in Greater Wellington Regional Council's land transport programme covering the three financial years ending June 2014.

2. Background

The NZ Transport Agency (Transport Agency) conducts a programme of investment audits on entities that receive funding through the National Land Transport Programme. The audits seek assurance that the programme is well managed and delivers value for money. Over the three year period ending June 2014, GWRC received funding of \$195 million from the Transport Agency.

The audit was conducted on February 2015 with a follow up visit in July 2015 and the final report received in November 2015.

3. Comment

The audit report noted that:

- good systems are in place for recording and reporting public transport patronage and SuperGold card claims
- excellent processes are in place to effectively manage and monitor Total Mobility usage
- claims for funding assistance were successfully reconciled against GWRC's general ledger.

After the initial field work was completed, the Transport Agency found some departures from the Transport Agency's procurement requirements. GWRC's

response was to work with NZTA to clarify facts around the issues identified and escalate those issues to management for further consideration.

The Chief Executive then requested that NZTA complete additional audit work to seek assurance over a greater number of transactions. The additional audit work identified a number of good examples of procurement, but also questioned some tender evaluation methods (in terms of compliance with approved procedures) and noted a lack of documentation on some contract files.

GWRC notes that none of the problems identified affected the result of any tender or procurement process undertaken. However, we do take these departures seriously as noted in our response to NZTA below:

GWRC intention is to follow the NZTA procedures 100% of the time and generally we achieve this. We are disappointed that in these instances we did not achieve the required standard and we have taken the following steps to ensure future compliance:

- Clearly communicated our expectations to managers and staff involved in procurement of NZTA funded contracts*
- Utilising the newly established procurement and legal function to put appropriate processes and procedures in place*
- Commenced implementation of our new document management system that will improve our ability to store and quickly retrieve records, with specific filing requirements for documents relating to contracts, including procurement process documents and the final contract itself.*
- Specified that for all future contracts where procurement related work is undertaken by consultants, GWRC be provided with and retain all records pertaining to the tender evaluations*

NZTA also noted the lack of an integrated, coordinated approach to the delivery of road safety promotion programmes in the Wellington Region and how that was impacting on the effective and efficient delivery of the Transport Agency's investment. In response GWRC notes that:

- GWRC will work with local authorities to improve coordination and develop an integrated approach to delivering programmes.*
- GWRC has re-aligned its road safety programmes to better fit the Transport Agency's priorities in the 2015-18 years.*

The full audit report and GWRC's response to these issues is included in the full audit report which is attached as **Attachment 1**.

4. Communication

No communication is necessary at this time.

5. The decision-making process and significance

No decision is being sought in this report.

5.1 Engagement

No engagement is necessary.

6. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

Dave Humm

General Manager, Corporate
Services/Chief Financial
Officer

Report prepared by:

Wayne Hastie

General Manager, Public
Transport

Report approved by:

Luke Troy

General Manager, Strategy

Attachment 1: NZ Transport Agency Investment Audit Report