

General Circular Investment: No 12/01

Subject: 2009-12 NLTP – Year-end procedures for 2011/12

Circulation: Asset Managers (all Approved Organisations)
Local Government New Zealand
Audit NZ

Circulated by: Bob Alkema – National Manager Investment

Date of Issue: 8 June 2012

Purpose

To advise approved organisations (AOs) of the timeline and procedures for the end of the third year of the 3-year NLTP.

Introduction

When the 2009-12 NLTP was released almost three years ago, the NZTA gave a clear message that AOs were expected to manage the risks for their programmes and deliver activities within the 3-year funding provided. Consequently the flexibility that has been available to adjust programmes at the end of the previous two financial years will not apply at the end of this final year of the 3-year NLTP.

The key points for the 2011/12 year-end procedures are as follows:-

- the due date for submission of final claims and supplementary requests will be **Wednesday 11 July**
- unless NZTA has previously agreed otherwise, all approved supplementary requests for “programme-based activities”, such as block PT services, block maintenance and renewals and minor improvements, will be treated as **advanced work** with the 2012/13 allocation being reduced accordingly at an early 2012/13 review
- automated carry-over of unspent allocation will only apply to “project-based” activities.

A timeline for the year-end procedures is included as Attachment 1 to this circular.

Final claims and supplementary requests

AO’s are requested to submit their final claims (for expenditure within approved allocations) and any supplementary requests by **Wednesday 11 July**.

Attachment 2 sets out how supplementary requests will be considered within each activity class.

Supplementary review requests should only be for small amounts where final accrued expenditure has exceeded approved allocation. AOs are requested to try and anticipate any potential requests for additional allocations, or cash flows from 2012/13, and submit these requests to the June review. This can be in conjunction with discussions with NZTA Planning and Investment managers. Processing those requests in the June review will take the pressure off the supplementary review process.

All supplementary requests are to be entered as cash flow advances except that, if insufficient allocation exists in forward years, the request should be for a cost/scope adjustment.

The NZTA will consider the supplementary requests during the period 12 to 16 July with the results being actioned in TIO no later than Tuesday 17 July. AOs will then have a one-and-a-half day window of **Wednesday 18 – noon Thursday 19 July** to submit supplementary claims against the increased allocations, and will need to ensure that staff with knowledge of the TIO system are available at this time. This is the only opportunity AOs will have to submit their supplementary claims. Claims which are still outstanding at noon on Thursday 19 July will not be considered. Any AO that anticipates any difficulty in working to this timeframe should discuss its situation with the local NZTA Planning and Investment Manager.

Claims on an Accrual Basis

All claims must be based on accrued expenditure (the estimated value of approved activities completed to 30 June). While it is not necessary to hold a supporting invoice at the time of the claim, all amounts claimed must be supported by appropriate evidence in the form of certificates of the value of work done or progress reports certified by the Chief Executive or an approved delegate.

Please note that with the exception of investigation/design fees and land purchase associated with approved projects, claimed expenditure against approved activities must be in the year it has occurred.

End of Year Reconciliation (carry over of unexpended allocation)

Reconciliation is the final year-end tidy-up review to carry over (hopefully small) unspent allocations to the next financial year, and will take place during the period 23-27 July after supplementary claims are approved. This will enable the TIO roll over (from 2011/12 to 2012/13) to take place on Wednesday 1 August.

The TIO system will automatically create requests to cash flow the unclaimed allocation against all approved activities from 2011/12 over into 2012/13, thus eliminating the need for Approved Organisations to input carryover requests. Attachment 2 sets out how the automated carryover will apply to each activity class.

It is not intended that the automated process will eliminate the need for normal cash flow requests in the final monthly review. AOs should still request cash flow adjustments in the June review which reflect the anticipated year-end expenditure. Reconciliation is intended to be the final tidy-up based on actual accrued spend.

It is also important for AOs to check their programmes to ensure there are no residual allocations assigned to activities which are now complete. These residual allocations need to be identified and declared surplus before year-end to ensure they are not needlessly carried over into the forward year.

Differing FARs across financial years for **emergency work** precludes fully automated carry over of unspent allocation in this work category. The process for emergency work activities will be that, where underexpenditure has occurred, the 2011/12 allocation will be automatically reduced by the unclaimed amount, with AOs then applying for the 2012/13 allocation to be increased accordingly at the first review of the 2012/13 year.

TIO rollover to 2012/13 year

TIO will be rolled over from 2011/12 to 2012/13 on Wednesday 1 August after which time AOs will be able to submit claims and review requests for the new financial year.

Annual achievement return – non financial information

Annual achievement returns are required to be completed **by Thursday 19 July**. The achievement return module can be accessed in TIO under the “more’ tab and will be available from Tuesday 12 June.

Internal circulation

Please ensure that this circular is also distributed to finance staff in your organisation who are involved in the NLTP claiming process.

Enquiries

All enquiries relating to this circular should be directed to your NZTA Planning and Investment Manager.

Attachment

Attachment 1: Timeline for year-end procedures

Attachment 2: Consideration of Supplementary requests and carryovers



Bob Alkema
National Manager Investment

Attachment 1

Timeline for 2011/12 year-end procedures

Date	Activity
Saturday 30 June	<ul style="list-style-type: none">• End of financial year – Submit regular monthly claim for June in the normal manner. These need to be in by Wednesday 11 July and could be combined with the final claim.
Wednesday 11 July	<ul style="list-style-type: none">• Final claim and supplementary review requests due and entered into TIO
12-13 July	<ul style="list-style-type: none">• NZTA staff evaluate and make recommendations for supplementary review requests
Monday 16 July	<ul style="list-style-type: none">• NZTA consideration of supplementary review requests
Tuesday 17 July	<ul style="list-style-type: none">• Supplementary review requests actioned in TIO
Wednesday 18 – noon Thursday 19 July	<ul style="list-style-type: none">• AOs to electronically submit supplementary claims up to the level of the increased allocations by 12.00 noon 19 July
Thursday 19 July	<ul style="list-style-type: none">• Regional and National NZTA staff to approve supplementary claims by 3.00pm 19 July <p>(Note that the regular payment cycle will continue during July for lodged claims)</p> <ul style="list-style-type: none">• Annual achievement returns due
Friday 27 July	<ul style="list-style-type: none">• Automated reconciliation completed
Wednesday 1 August	<ul style="list-style-type: none">• TIO rollover from 2011/12 to 2012/13

Attachment 2

Consideration of Supplementary Requests and carryovers

Activity Class		Supplementary requests considered?	Automated Carryover?
1	Transport Planning	Yes but not for w/c 001 (RLTP management)	Yes but not for w/c 001
2	Demand management and community programmes	No	No
3	Walking and cycling facilities	Yes	Yes
4	PT Services	Yes*	No
5	PT Infrastructure	Yes	Yes
8	Maintenance and Operations	Block	Yes*
		Emergency work	Yes
10	Renewals	Block	Yes*
		Preventative maintenance	Yes
12	New and Improved Infrastructure	Yes but with w/c 341 (minor improvements) being treated as per * below	Yes but not for w/c 341 (minor improvements)
31	Regional Development	No	No

* but will be treated as advanced work, with the 2012/13 allocation being reduced accordingly at an early 2012/13 review