

<b>Subject</b>	<b>2012-15 NLTP – Year-end procedures for 2013/14</b>
<b>Circulation</b>	Asset Managers (all Approved Organisations) NZTA (State Highways) Local Government New Zealand Office of the Auditor General
<b>Circulated by</b>	Bob Alkema – National Manager Investment
<b>Date</b>	19 May 2014

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### **Purpose**

To advise Approved Organisations (AOs) of the timeline and procedures that apply for the end of the second year of the 2012-15 NLTP.

### **Introduction**

In order to optimise investment opportunities within available cash flow, the Transport Agency has adopted tighter and more active management approach for the 2012 - 15 NLTP. This involves an increased level of engagement with AOs towards year-end to ensure that allocations for "programme-based activities" are adjusted in line with AOs March 2014 forecasts such that final claims will better align with approved allocations. Justification will be required to support carryover requests.

The key points for the 2013/14 year-end procedures are as follows:-

- carry-over of "programme based activities" will need to be justified
- the due date for submission of final claims and supplementary requests is Monday 7 July 2014
- unless NZTA has previously agreed otherwise, all approved supplementary requests for "programme-based activities", will be treated as advanced work with the 2014/15 allocation being reduced accordingly
- the due date for completion of annual achievement returns is Thursday 17 July 2014

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

### **Confirmation of forecast outturns**

During the coming weeks, NZTA regional staff will engage with AOs to ensure that any year-end underspends signalled in the March quarterly forecast are confirmed with carryover requests being lodged in TIO. This needs to be done no later than Monday 23 June 2014 to allow time for regional NZTA staff to process these requests before AOs submit June claims. For "programme based activities" such as road safety promotion, block PT services, block maintenance and operations and block renewals, regional NZTA staff will need to be satisfied, after discussion with the AO, that sufficient justification exists to support the requested carryover. If a full or partial carryover is not approved, NZTA will declare the residual allocation as surplus budget and TIO will be updated accordingly.

This process should result in final claimed expenditure being closely aligned to updated budget allocations thus ensuring "minimal" residual carryovers for the automated reconciliation. Where minor over spend occurs relative to a reduced allocation, this will be treated as "partial reinstatement of a previous surplus" rather than advanced work. If the automated carryover is found to be more than "minimal" or was not forecast in the recent Programme Monitor submission (i.e. something that comes as a surprise to NZTA regional staff), AOs will be unlikely to get approval for the cashflow adjustment.



## **Final claims and supplementary requests**

AOs are requested to submit their final claims (for expenditure within approved allocations) and any supplementary requests by Monday 7 July.

Supplementary review requests should only be for small amounts where final accrued expenditure has exceeded the approved project or block allocation. AOs are requested to try and anticipate any potential requests for additional allocations, or cash flows from 2014/15, and submit these requests to the June review. This can be in conjunction with discussions with NZTA Regional 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 8 to 10 July with the results being actioned in TIO no later than Friday 11 July. AOs will then have a one-and-a-half day window of Monday 14 – noon Tuesday 15 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 Tuesday 15 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.

## **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 21-24 July after supplementary claims are approved. This will enable the TIO roll over (from 2013/14 to 2014/15) to take place on Monday 28 July.

The TIO system will automatically create requests to cash flow the unclaimed allocation against all approved activities from 2013/14 over into 2014/15, thus eliminating the need for Approved Organisations to input carryover requests post supplementary claims.

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 under expenditure has occurred, the 2013/14 allocation will be automatically reduced by the unclaimed amount, with AOs then applying for the 2014/15 allocation to be increased accordingly at the first review of the 2014/15 year.

## **TIO rollover to 2014/15 year**

TIO will be rolled over to the 2014/15 year on Monday 28 July 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 17 July. The achievement return module can be accessed in TIO under the “more’ tab and is available now.

## **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 local NZTA Planning and Investment Manager.

## **Attachment**

Attachment 1: Timeline for year-end procedures

A handwritten signature in black ink, appearing to read 'Bob Alkema', with a long horizontal flourish extending to the right.

Bob Alkema

National Manager Investment



### Timeline for 2013/14 year-end procedures

Date	Activity
<b>Monday 23 June</b>	Last day for <b>Approved Organisations (AOs)</b> to submit carry-over requests into TIO
Wednesday 25 June	Last day for <b>NZTA</b> to action carry-over requests
Friday 27 June	End of financial year - <b>AOs</b> to submit regular monthly claim for June in the normal manner. These need to be in by Monday 8 July and could be combined with the final claim.
<b>Monday 7 July</b>	AOs final claims and supplementary review requests due and entered into TIO
08-09 July	NZTA staff evaluate and make recommendations for supplementary review requests
Thursday 10 July	NZTA consideration of supplementary review requests
Friday 11 July	NZTA actions supplementary review requests in TIO
<b>Monday 14 - noon Tuesday 15 July</b>	AOs to electronically submit supplementary claims up to the level of the increased allocations by 12.00 noon 15 July
Wednesday 16 July	NZTA Regional and National staff to approve supplementary claims by 12 noon 16 July  (Note that the regular payment cycle will continue during July for lodged claims)
Thursday 17 July	AOs annual achievement returns due
Thursday 24 July	Automated reconciliation completed
Monday 28 July	TIO rollover from 2013/14 to 2014/15
August	NZTA follow-up on any reconciliation surprises

