

<b>Subject</b>	<b>Further advice: Professional services obtained in-house and administration</b>
<b>Circulation</b>	Asset Managers (all Approved Organisations) Highway and Network Operations (NZ Transport Agency) Local Government New Zealand Office of the Auditor General
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## Purpose

General circular 14/01 *Policy change affecting local road controlling authorities: Professional services obtained in-house and administration* advised that further detailed advice on accounting for services obtained in-house would be provided. This general circular provides that further advice.

The advice is directed particularly at territorial authorities, Auckland Transport, the Department of Conservation, Waitangi Trust and all unitary authorities – namely local road controlling authorities (local RCAs). The policies discussed here have applied to regional councils and to the Transport Agency's Highways and Network Operations (HNO) group since 1 July 2012.

The further advice presented through this general circular is as follows:

1. **General advice on establishing the cost of in-house professional services and administration.** This general advice has been reviewed by Grant Thornton. Refer Attachment 1.
2. **How three example local authorities will apply the revised policy.** With the assistance of SOLGM the policy changes were discussed with three local authorities - Masterton District, Hutt City and Wellington City - who have since considered the changes they will make to current accounting practice for all in-house services. Attachment 2 contains a brief summary of how each of these local RCAs will alter their current practices from 1 July 2015.
3. **Changes to current local RCA policy.** Attachment 3 presents, in a table, a listing of the important differences between the current and new policy. It is intended to give 'quick' access to a high level understanding of the practices that may need to change.

## Summary of the policy changes

A summary of the policy changes for local RCAs is as follows:

1. From 1 July 2015 the Transport Agency will require approved activities to be fully costed. Where the full cost of an activity includes the cost of in-house professional services or administration the cost of those services must be determined using recognised management accounting principles and the same data that is used to prepare statutory financial statements.
2. From 1 July 2015 the current administration grant, equal to 2.25% of the funding assistance paid for activities, will cease and be replaced by funding assistance based on the full cost of activities.

3. The manner in which an approved organisation allocates in-house services costs, including overheads, to approved activities must be consistent with recognised management accounting principles.
4. Local RCAs will be expected to be able to account for, and report on, services obtained in-house. The process for determining and allocating in-house services costs, including overhead, must be appropriately documented.
5. Full documentation of the management accounting methods plus source documents and records are to be made available to the Transport Agency on request for audit purposes.
6. The Transport Agency requires all approved organisations to manage in-house services delivery in a way that is both efficient and effective. The Transport Agency does not specify how approved organisations should structure or organise themselves to do that.
7. Approved organisations are required to develop and document a strategic approach to procurement (refer Transport Agency Procurement Manual chapter 4) and seek Transport Agency endorsement of that strategy. The procurement strategy must address how professional services are to be procured including which services (if any) are to be obtained in-house.
8. In preparing total cost estimates for activities that are to be considered for inclusion in the 2015-18 NLTP, local RCA's are required to include an estimate for the cost of administration.
9. For an activity which carries over from the 2012-15 NLTP, into the 2015-18 NLTP, claims for funding assistance from 1 July 2015 will be on the basis of the full cost of the activity including administration. The Transport Agency will make an adjustment to the approved allocation for the 2015-18 NLTP to allow for the inclusion of administration in the activity cost.

## **Seeking assurance of value for money**

The Transport Agency's approach to investment assurance reviews, by the Investment Assurance team, will not change substantially as a consequence of this policy change. The obvious changes will be that firstly, testing accounting records for incorrect inclusion of items classified as 'administration' in the cost of activities will no longer be needed, and secondly, evidence of a rational process for identifying and allocating costs, previously excluded from the cost of approved activities, will now be sought.

Audit testing may include the following:

1. Are all costs included in a claim for funding assistance a legitimate part of the cost of an approved activity?
2. Are management accounting systems for the identification and allocation of costs both rational and documented?
3. In particular, are management accounting systems that relate to the identification and allocation of administration or overhead costs appropriately designed, rational and documented?
4. Is the amount of corporate overhead included in the cost of approved activities appropriate?
5. Is there an appropriate way to attribute time based costs, in-house professional services costs in particular, to approved activities?
6. Is the relationship between overhead costs and other costs reasonable when compared to that observed in the accounts of similar funding partners?
7. Does the funding partner have an overall, programme wide procurement strategy and does it address the provision of professional services, both in-house and outsourced?
8. Is practice in relation to the choice between in-house and outsourced professional services rational and reasonable?

## **Allocation of administration to approved activities**

Certain costs, previously excluded from approved activity costs, will now be allocated to activities. How those costs are distributed across activities will be up to each local RCA to decide and will depend on how policy changes, and the application of recognised management accounting principles, might change previous practice.

The cost of services that are now defined as professional services, but were previously defined as administration costs, can be allocated directly to the applicable approved activities. Other administrative overhead may or may not be distributed widely. For example, management accounting principles suggest that fixed indirect overhead costs incurred by an enterprise are generally not allocated to projects of a capital nature.

General circular 14/01 noted that in preparing estimates for the 2015-18 NLTP it would be acceptable to account for the new policy by adding 2.25% to activity cost estimates. This approach suggests that the policy change will see previous administration costs distributed more or less evenly across all activities. As discussed above allocation of actual cost previously excluded is unlikely to be even and the Transport Agency accepts this.

## **Transitioning to the new policy**

Local RCAs that cannot reach an internal agreement, before 1 July 2015, on how the new policy will impact on their current management accounting practice may continue to follow the old practice, but add the 2.25 % of programme grant amount to their claim under work category 151: *Network and asset management*. The Transport Agency would not expect any local RCA to continue this transitional practice beyond 30 June 2016.

The Transport Agency will assist any local RCA that needs help to transition to the new policy.

## **Status of the previous general circular 14/01 *Policy change affecting local road controlling authorities: Professional services obtained in-house and administration***

The policy advice contained in this general circular builds on that contained in the previous general circular. The policy as described in this general circular is not materially changed. However, some minor changes have been made to the way in which the policy is described to aid understanding. Where there are differences this general circular will take precedence.

## **PIKB content changes**

A number of changes will be made to the Planning and Investment Knowledge Base (PIKB) early in 2015 to take effect from 1 July 2015. These changes will apply to all approved organisations and the Transport Agency given that the policy described here will now apply to all.

## **Enquiries**

All enquiries relating to this circular should be directed to your local Transport Agency Planning and Investment Manager.



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# Attachment 1 – Advice on establishing the cost of in-house professional services and administration

## Background and context

The NZ Transport Agency requires activities (approved under s20 of the LTMA) to be fully costed. As part of this we are trying to identify the total of all in-house costs that are required to deliver the activities that Transport Agency has agreed to fund in partnership with the local authority.

The policy changes for local RCAs, as outlined in General Circular Investment: No 14/01, are as follows:

1. The funding of administration is to be simplified. At present, local RCAs do not include the cost of administration in approved activity costs when claiming funding assistance, but are given an administration grant equal to 2.25% of the funding assistance paid for activities. This grant is to be replaced by funding assistance based on the full cost of activities, including the administration input costs required to deliver those activities.
2. This change in funding policy will take effect from 1 July 2015.
3. In preparing total cost estimates for activities that are to be considered for inclusion in the 2015-18 NLTP, local RCA's are required to include an estimate for the cost of administration needed to support that activity.
4. For an activity which carries over from the 2012-15 NLTP into the 2015-18 NLTP, claims for funding assistance from 1 July 2015 will be on the basis of the full cost of the activity including administration. The Transport Agency will make an adjustment to the approved allocation for the 2015-18 NLTP to allow for the inclusion of administration in the activity cost.

## Determining the full cost of services obtained in-house

Local RCAs will be expected to be able to account for, and report on, services obtained in-house. Where the full cost of an activity includes the cost of professional services or administration, obtained in-house, the cost of those services must be determined in accordance with recognised management accounting practice taking into account generally accepted accounting practice (GAAP)<sup>1</sup> principles when allocating costs. It is up to the approved organisation to determine a rational method for doing this. To allow an audit of funding assistance claims by the Transport Agency, appropriate accounting records must be kept.

Both the OAG and SOLGM have provided guidance on charging for services – an aspect of which requires the identification of underlying costs attributable to an activity. The OAG guidance regarding the costing the use of resources<sup>2</sup> states:

*3.27 Cost is a monetary measure of the resources used in producing something. Sound methodologies that identify the cost of resources, and allocate the costs to individual goods or services, are essential aspects of good charging practice. The entity should have a system in place to collate the cost information. The type of systems developed should take account of the context and should be in proportion to the level of revenue and costs that the entity needs to track.*

## NZ Transport Agency expectations

The Transport Agency expects the following:

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<sup>1</sup> Specific guidance on the determination of the cost of services (by public bodies) is available from The Office of the Auditor General (the OAG) and from the Society of Local Government Managers (SOLGM).  
<http://www.oag.govt.nz/2008/charging-fees> - Charging fees for public sector goods and services  
[http://www.solgm.org.nz/Folder?Action=ViewFile&Folder\\_id=130&File=Price\\_is\\_Right\\_November\\_2009.pdf](http://www.solgm.org.nz/Folder?Action=ViewFile&Folder_id=130&File=Price_is_Right_November_2009.pdf) – The Price is Right – The Kiwi Version

<sup>2</sup> From: OAG publication “Charging fees for public sector goods and services”  
<http://www.oag.govt.nz/2008/charging-fees>

## **Documented methodology**

All approved organisations must have a documented methodology covering how costs for in-house professional services including overheads, and administration, are to be determined and allocated to activities.

Full documentation of the process for determining in-house professional services and administration costs is to be made available to the Transport Agency on request for audit purposes.

## **Formal management structure**

All approved organisations must have a formal, management structure for in-house services operations, both in-house professional services, and administration.

## **Efficiency and effectiveness**

The Transport Agency requires all approved organisations to manage their in-house services delivery in a way that ensures both efficiency and effectiveness.

The Transport Agency does not specify how approved organisations should structure or organise themselves to do that, but expects them to be guided by the Standards NZ publication, Guide to Local Government Service Delivery Options (SNZ HB 9213:2003).

The Transport Agency would expect that costs attributed to the activity are reasonable. The total cost could be considered as reasonable if “it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of competitive business.” Since providers might not be subject to competitive restraints, it is important to scrutinize costs in accordance with this principle:

- the cost is generally recognised as ordinary and necessary to either the operation or the activity;
- the cost is within what is considered sound business practices; and
- a prudent business person would consider the cost reasonable given due consideration to all affected parties.

## **Appropriate accounting**

The Transport Agency expects approved organisations to account for these costs in a manner that is appropriate for a public entity and is consistent with generally accepted accounting practice.

## **Only cost recovery**

Under the proposed regime there should be no profit on in-house professional services, just a reasonable accumulation of costs.

## **Relevant accounting principles**

The object is to determine a reasonable approximation of the total costs that would be incurred if (as if basis) the Transport Agency subsidised activity was a standalone business (virtual business unit/virtual team).

A standalone business would be expected to have governance, management and other administration and support costs in addition to direct costs.

There are a number of accounting principles that are relevant to this exercise. Some of the overall qualitative characteristics of financial statements<sup>3</sup> that are relevant to this situation are as follows:

## **Reliability and representational faithfulness**

Information has the quality of reliability when it is free from material error and bias and can be depended upon by users to represent faithfully that which it either purports to represent or could reasonably be expected to represent.

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<sup>3</sup> PBE Framework issued by the NZ XRB October 2014.

To be reliable, information must represent faithfully the transactions and other events it either purports to represent or could reasonably be expected to represent.

Does the accumulation of costs faithfully represent costs relating to the delivery of activities that the Transport Agency has agreed to fund in partnership with the local authority?

A cost is allocable if it is assignable to a particular cost objective (contract, project, product, service, etc.) in accordance with the relative benefits received. Consider whether it should:

- be incurred specifically for the agreed activity;
- be necessary to the overall operation of the activity when a direct relationship to a particular cost objective can't be shown; and
- benefit both the contract and other work, and be distributed to them in reasonable proportion to the benefits received.

### **Relevance and materiality**

Relevance of information is affected by its nature and materiality.

Accounting requires the exercise of professional judgement. The principle of materiality allows an element of estimation particularly if the amounts involved are less material. The Transport Agency recognises that there is a cost and benefits component to accounting and that in some instances the allocation of costs can be approximate.

### **Substance over Form**

What is the substance or economic reality of operating this activity? There will be direct and indirectly incurred costs. Indirect costs are costs that are not directly accountable to an activity but benefit or support that activity.

After direct costs have been determined and charged directly to the contract, indirect costs are those remaining to be allocated. The overall objective in assigning indirect costs is to allocate them to the activity in reasonable proportion to the benefits provided.

Any allocation of costs needs to reflect underlying causality – i.e. the costs are driven by the activity.

### **Allocation of costs for property, plant and equipment**

For costs related to property, plant and equipment the main cost principles contained in NZ PBE IPSAS 17 Property, Plant and Equipment<sup>4</sup> are:

*The cost of an item of property, plant and equipment comprises:*

- (a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.*
- (b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.*
- (c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.*

Costs to be accumulated are direct purchase costs and any other directly attributable costs.

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<sup>4</sup> Paragraph 30 of NZ PBE IPSAS 17.

Preparers of statutory financial statements should be mindful that there are some costs that could be linked to the activity that cannot be capitalised as part of property, plant and equipment. Paragraph 33 of NZ PBE IPSAS 17 states:

*Examples of costs that are not costs of an item of property, plant and equipment are:*

*(d) Administration and other general overhead costs.*

## **Traceability and auditability**

The Transport Agency would expect that:

- the allocated costs for operational activity can be linked to, and are consistent with, the indirect costs allocated to the roading significant activity in the local authorities' annual report; and
- the costs allocated to capital activity are consistent with the costs capitalised as part of property, plant and equipment.

## **Acknowledgement**

We acknowledge the assistance of SOLGM and some of its members in the preparation of this document

## Attachment 2 – How three example local RCAs will apply the new policy

Descriptions of how three example local authorities propose to account for in-house resource costs, to be included in claims for funding assistance made to the Transport Agency from 1 July 2015, are presented below. They are examples only. Each local RCA is expected to have its own rational, documented method for determining the full cost of approved activities, including the cost of in-house services.

### Masterton District example

Masterton District Council has a total annual Transport Agency funding assisted programme of approximately \$6.5m of maintenance, operations, renewals and minor works. Significant improvement works are not generally part of the Masterton District programme. Masterton District has a staff of four FTEs devoted to the roading 'significant activity' who are employed within a council 'business unit'. The Council also employs external professional services for some aspects of the programme. Council's roading significant activity includes approximately \$2m of work that is not included in the Transport Agency funded programme, much of that expense is footpath, car park or streetscape related.

At present much of the in-house staff resource cost is charged to Transport Agency work categories as 'in-house professional services'. The cost of those in-house professional services includes an allowance for overhead through a multiplier applied to the salary cost of each individual employed within the roading business unit. The employee salary plus overhead is referred to here as the 'employee chargeable rate'.

Currently part of the remaining overhead costs of the unit, including the majority of the business unit manager's salary cost, is treated as 'administration' in terms of Transport Agency funding policies and partly recovered through the grant from the Transport Agency for 'administration' – the grant equal to 2.25% of the total funding assistance paid by the Agency.

Under the new Transport Agency policy for in-house professional services and administration, to take effect from 1 July 2015, a portion of the annual cost of the roading business unit manager's salary, plus overheads applied through a multiplier will be treated as 'administration', and included in the Transport Agency claim for funding assistance. Masterton District proposes that this cost will be charged to the 'Network and asset management' work category on the basis that the unit manager's role is to manage the network. As stated previously only a portion of this salary cost plus overhead will be included in the Transport Agency claim for funding assistance – the actual proportion of the total included should reflect the relationship between the Transport Agency funded roading programme and the total 'significant activity' roading programme managed by the unit.

The approach proposed by Masterton District to including the cost of administration in Transport Agency funding assisted work categories, from 1 July 2015, is thus consistent with the approach taken to determining the cost of the total roading significant activity. The change in the Transport Agency's approach to funding administration is expected to lead to a small increase in the total Agency funding assistance paid.

The approach to allocating corporate overheads to each Masterton District business unit, including the roading business unit, follows standard accounting practice amongst local authorities. Corporate overheads are allocated to each activity or business unit based on an estimated usage of each function by that activity or business unit, e.g. a proportion of the total IT spend. Added to each business unit's corporate overhead is the direct overhead that is specific to that business unit e.g. rent, vehicle expenses, other staff costs etc. This gives the total costs applicable to that business unit. The allocation of business unit costs to a given activity is driven by chargeable employee hours. The professional services staff employed within Masterton District's roading business unit, keep timesheets; time spent on a given activity is then allocated to a matching General Ledger code, based on the number of chargeable hours times the employee 'chargeable rate'.



The employee chargeable rate is based on the employee's direct hourly rate, i.e. their annual salary divided by hours employed, plus an hourly multiplier. The multiplier represents the overhead incurred by the business unit to support the employee in carrying out their duties. The hourly multiplier is calculated by determining the total number of chargeable employee hours per year (i.e. hours per week times number of weeks per year), and then dividing the business unit's total overhead by the total employee hours. The expectation is the business unit's recoveries will cover its costs. Those recoveries are charged to the activities the staff have worked on, including aspects of the subsidised programme and administration of that programme. If the business unit had an administrative support staff member whose duties included preparing claims for funding assistance, a portion of that staff member's total costs would also be included in the 'administration' costs that are included in the claim.

## Hutt City example

Hutt City Council has a total annual Transport Agency funding assisted programme of approximately \$12.7m of maintenance, operations, renewals and improvement works. Hutt City has a staff of 15 FTEs devoted to the roading 'significant activity' who are employed within a council 'business unit'. The Council also employs external professional services for some aspects of the programme. The Council's roading significant activity includes approximately \$1.2m of work that is not included in the Transport Agency funded programme: much of that expense is footpath, car park or streetscape related.

Hutt City is thus organised in a similar way to Masterton District. There is, however, a significant difference in both the scale and scope of the Transport Agency funding assisted programme.

Business unit staff keep timesheets for a sample part of the year. Timesheet data is used to determine the split of staff time, and cost, between the various Transport Agency approved activities and the other 'unsubsidised' activities that the unit's staff are responsible for. Based on time records salary costs are allocated to activities. Unlike Masterton District the amount charged directly does not include an allowance for overhead through a multiplier.

The total 'corporate overhead' allocated to roading activity is calculated by Hutt City's finance team in accordance with generally accepted accounting practice. It is then allocated to the different roading activities based on the above staff time records. The change in the Transport Agency's approach to funding administration is expected to lead to a small increase in the total Agency funding assistance paid.

Given the change in Transport Agency policy to funding on the basis of actual cost there will be no need to ensure that staff time spent on what is currently defined as 'administration' is recorded as such and not charged to a Transport Agency approved activity.

## Wellington City example

Wellington City Council has a total annual Transport Agency funding assisted programme of approximately \$43.9m of maintenance, operations, renewals and improvement works. Wellington City has a staff of 61 FTEs devoted to the roading 'significant activity' who are employed within a council 'business unit'. The 'billable' time from 55 professional staff is charged to internal projects. 6 business unit support staff do not generally allocate their time directly to projects.

Council's roading significant activity includes approximately \$18m of work that is not included in the Transport Agency funded programme: much of that work is footpath, passenger transport network or streetscape related.

Wellington City is thus organised in a broadly similar way to both Masterton District and Hutt City.

Business unit staff keep timesheets. Timesheet data is used to determine the split of staff time and cost between the various Transport Agency approved activities, as well as the other 'unsubsidised' activities that the unit's staff are responsible for. Based on time records salary plus overhead costs are allocated to activities. A multiplier on the salary rate is used to allocate overheads.

To realign current accounting practice Wellington City will account for the administration cost, currently excluded from funding assistance claimed on approved activities, in much the same way as costs for in-house professional services are accounted for. The change in approach to funding administration is not expected to make a significant difference to the total funding assistance received from the Transport Agency.

## Attachment 3 – Changes to the current local RCA policy

The following table sets out some of the key differences between the policy that currently applies to local RCAs and in-house services and the policy that will apply from 1 July 2015.

<b>Item</b>	<b>Issue</b>	<b>Current situation</b>	<b>After 1 July 2015</b>
1	Transport Agency funding assistance mechanism for administration	The Transport Agency makes a grant towards the cost of administration equal to 2.25% of the total funding assistance paid on approved activities.	Administration will not be separately funded. The Transport Agency will provide funding assistance based on the total cost of delivering approved activities, including any administrative overhead, at the agreed funding assistance rate (FAR)
2	The amount of Transport Agency funding assistance paid for 'administration'	A grant is made equal to 2.25% of the total funding assistance paid on approved activities.	Funding for administration will not be specifically identified. The amount actually paid may be more or less than under the previous policy.
3	Legislative (Land Transport Management Act) procurement requirements as they apply to administration	Administration may be in-sourced or outsourced, there are no outsourcing procurement requirements, neither are there any in-house 'procurement' requirements. However, 'administration' must be defined by the Transport Agency. The current definition is through a detailed list of types of expenditure.	No change except that the definition of administration is simplified and principle based. Some services previously classified as administration may become classified as professional services and vice versa.
4	Legislative procurement requirements as they apply to in-house professional services	The Transport Agency must both define professional services and establish requirements for obtaining professional services in-house. All outsourced professional services must be procured using an approved procurement procedure.	The definition of professional services has been simplified and is now principle based. Some services previously classified as administration become classified as professional services and vice versa. Some detailed requirements governing an in-house professional services operation have been removed. There has been no change to the requirements for procuring outsourced professional services.

<b>Item</b>	<b>Issue</b>	<b>Current situation</b>	<b>After 1 July 2015</b>
5	Delivery mechanisms for in-house professional services	Transport Agency policy favours the establishment of one or more semi-autonomous in-house professional services business unit(s).	Approved organisations are free to choose how they will organise and manage in-house resources to be employed on approved activities. There is, however, a general expectation that the delivery of all in-house services, both in-house professional services and administrative, will be managed to ensure efficient and effective delivery, as appropriate for a public entity.
6	Delivery mechanisms for in-house administration	There are no Transport Agency requirements	There are no specific requirements but the general expectation, namely that all in-house services, both in-house professional services and administration, will be well managed applies.
7	Accounting procedures for in-house resources	An established methodology covering how costs for in-house professional services, including overheads, are to be determined and allocated to Transport Agency approved activities is required and must be made available for audit purposes.	No change in principle but individual local RCAs may change their current methodology given that funding will be based on the full cost of activities, ie administration will be included in the total cost.
8	In-house professional services 'agreements'	Local RCAs are expected to have a formal in-house agreement or internal contract for the delivery of in-house professional services.	Local RCAs do not have to have a formal in-house agreement or internal contract. The expectations referred to above apply, namely that there will be documented management systems and practice to support efficient and effective delivery of in-house services.
9	Maximising 'output' or 'lump sum' pricing for in-house professional services	In-house professional services 'agreements' are expected to maximise 'output' or 'lump sum' pricing. The Transport Agency funding assistance claim is then based on the agreed price.	The Transport Agency expects to pay funding assistance for all in-house delivered services, regardless of whether they are a professional service or administration, based on actual cost.
10	Funding assistance paid for in-house professional services	Funding assistance can be based on an agreed 'price'.	Funding assistance paid for all in-house services is to be based on actual cost.
11	'Profit' on in-house professional services	Profit, or over recovery, of the cost of in-house professional services is possible and is allowed.	An in-house operation will be expected to break even. Neither over nor under recovery will occur.

<b>Item</b>	<b>Issue</b>	<b>Current situation</b>	<b>After 1 July 2015</b>
12	Time writing by local RCA 'roading' staff	Many local RCAs use a form of time recording for some in-house staff. This is used to measure the amount of in-house professional services resource employed on each Transport Agency approved activity. Time spent on activities that the Transport Agency is not investing in and time spent on administration tasks related to Transport Agency approved activity both need to be separated out.	A way to attribute time based costs across all Transport Agency approved activities will still be needed. Time spend on Transport Agency approved activities will still need to be separated from that spent on activity that is not part of the programme that the Transport Agency is investing in.
13	The relationship between the total cost of Transport Agency approved activities and the total cost of the roading significant activity	The total cost of Transport Agency approved activities is a subset of the total cost of the roading significant activity as reported by the local RCA. However, the need to separate administration costs from the total cost of Transport Agency approved activities demands some differences in the approach to accounting for the Transport Agency approved activities versus other activities.	The total cost of Transport Agency approved activities remains a subset of the total cost of the roading significant activity but there is no longer a need to adopt different approaches to accounting for each.