



General Circular Investment: No 16/02 – update

Subject	2015–18 NLTP – Year–end Procedures for 2015/16 – updated supplementary claim date
Circulation	Asset Managers (all Approved Organisations) Local Government New Zealand Office of the Auditor General
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PURPOSE

To advise Approved Organisations of the timeline, procedures and requirements for the end of the first year of the 2015–18 NLTP.

INTRODUCTION

To optimise investment opportunities from the available cash flow, the Transport Agency will continue to encourage a tighter and more active management approach for the 2015 – 18 NLTP. This will involve an increased level of engagement with Approved Organisations towards year–end to ensure that allocations for "programme–based activities" are adjusted in line with their March 2016 forecasts such that final claims better align with approved allocations. Justification will be required to support carryover requests.

The key points for the 2015/16 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 Wednesday 6 July 2016
- unless previously agreed otherwise with the Transport Agency, all approved supplementary requests for "programme–based activities", will be treated as advanced work with the 2016/17 allocation being reduced accordingly
- any activity marked as "claiming complete" will have remaining funds surplused out
- the due date for completion of annual achievement returns is Friday 15 July

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

CONFIRMATION OF FORECAST OVERTURNS

During the coming weeks, Transport Agency regional staff will engage with Approved Organisations 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 Thursday 30 June 2016 to allow time for regional Transport Agency staff to process these requests before Approved Organisations submit their June claims. For "programme based activities" such as Road Safety Promotion, Public Transport programmes, Maintenance

programmes and Minor Improvements programmes, regional Transport Agency staff will need to be satisfied, after discussion with the Approved Organisation, that sufficient justification exists to support the requested carryover. If a full or partial carryover is not approved, the Transport Agency will declare the residual allocation as surplus and TIO will be updated accordingly.

This process should result in the 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 Transport Agency regional staff), Approved Organisations will be unlikely to get approval for the cashflow adjustment.

FINAL CLAIMS AND SUPPLEMENTARY REQUESTS

Approved Organisations are requested to submit their final claims (for expenditure within approved allocations) and any supplementary requests by Wednesday 6 July.

Supplementary review requests should only be for small amounts where final accrued expenditure has exceeded the approved funds for the year. Approved Organisations are requested to anticipate any potential requests for additional allocations, or cash flows from 2016/17, and submit these requests to the June review. This can be in conjunction with discussions with Transport Agency 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 Transport Agency will consider the supplementary requests during the period 7 to 11 July, with the results being actioned in TIO no later than Monday 11 July. Approved Organisations will then have a one-and-a-half day window of Tuesday 12 to noon Wednesday 13 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 Approved Organisations will have to submit their supplementary claims. Claims which are still outstanding at noon on Wednesday 13 July will not be considered. Any Approved Organisation that anticipates any difficulty in working to this timeframe should discuss its situation with the local 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 18-25 July after supplementary claims are approved. This will enable the TIO rollover (from 2015/16 to 2016/17) to take place on Wednesday 27 July 2016.

The TIO system will automatically create requests to cash flow the unclaimed allocation against all approved activities from 2015/16 over into 2016/17, 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. Approved Organisations 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.

Approved Organisations need to check their transport 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.

The revised Emergency Works policy may require some adjustments to the final claim for Approved Organisations that have not claimed the correct amount at Normal FAR. See the P&I Knowledge Base (<https://www.pikb.co.nz/activity-classes-for-2015-18/local-road-and-state-highway-maintenance/work-category-141-emergency-works-2/>) for details of the new policy. Where possible, automatic processes will adjust the Emergency Works cost profiles and create a new claim to make final adjustments to the 2015/16 claims, but this will only apply to transfers of funds between the phases of a single activity. Any Emergency Works activities carried over into 2016/17 will have their FARs set up for next year by the system.

TIO ROLLOVER TO 2016/17 YEAR

TIO will be rolled over to the 2016/17 year on Wednesday 27 July after which time Approved Organisations 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 Friday 15 July. The achievement return module can be accessed in TIO under the “more” tab and will be available from Friday 27 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 local Transport Agency Planning and Investment Manager.

ATTACHMENT

Attachment 1: Timeline for year-end procedures



Bob Alkema
National Manager Investment

ATTACHMENT 1

TIMELINE FOR 2015/16 YEAR-END PROCEDURES – UPDATE

Date	Activity
June	Approved Organisations should submit carry-over requests into TIO for regional P&I staff to action.
Wednesday 6 July	End of financial year – Approved Organisations final claims and supplementary review requests due and entered into TIO. These could be combined with the supplementary claim (see below).
07–08 July	Transport Agency staff evaluate and make recommendations for supplementary review requests
Monday 11 July	Transport Agency consideration of supplementary review requests
Monday 11 July	Transport Agency actions supplementary review requests in TIO
Tuesday 12 – noon Wednesday 13 July	Approved Organisations to electronically submit supplementary claims up to the level of the increased allocations by <u>12.00 noon 13 July</u>
Wednesday 13 July	Transport Agency Regional and National staff to approve supplementary claims by <u>4pm Wednesday 13 July</u> (Note that the regular payment cycle will continue during July for lodged claims)
Friday 15 July	Approved Organisations annual achievement returns due
Monday 25 July	Automated reconciliation completed
Wednesday 27 July	TIO rollover from 2015/16 to 2016/17
August	Transport Agency follow-up on any reconciliation surprises