

**Subject** Investment Audit Programme 2018/19

**Circulation** All Territorial Local Authorities  
All Regional Councils  
Auckland Council  
Auckland Transport  
Department of Conservation  
Office of the Auditor General  
Local Government New Zealand  
NZ Transport Agency (internal circulation)

**Circulated by** Jenny Fildes, Practice Manager Audit and Assurance

**Date of Issue** 7 June 2018

## Purpose

To advise Approved Organisations and other relevant parties of the Transport Agency's programme of investment audits and benefit realisation reviews planned for the 2018/19 financial year. The audits will be carried out in terms of sub-section 95 (1) (e) (ii) of the Land Transport Management Act 2003.

## Development of investment audit programme

The Investment Audit Programme provides assurance to the Transport Agency that its investments in Approved Organisations (including state highways) are being well managed and providing value for money outcomes.

The programme consists predominantly of investment audits and benefit realisation reviews. The Transport Agency's state highway audit focus for 2018/19 will be on specific activities as well as the regional focus of previous years. Other assurance work, such as theme audits, may also be done on an ad-hoc or as required basis.

Each approved organisation will be advised at least one month in advance of an audit or review commencing.

## Enquiries

For further information on the programme, please contact Glenn McGregor at the Transport Agency on 04 894 6179 or by email [glenn.mcgregor@nzta.govt.nz](mailto:glenn.mcgregor@nzta.govt.nz).

Attachment 1: Investment Audit Programme 2018/19



Jenny Fildes  
Practice Manager, Audit and Assurance




## Investment Audits planned for 2018/19

Investment audits are procedural or technical in their focus, or a combination of both.

**Procedural investment audits** provide assurance that the Transport Agency's investment in approved organisations' programmes is being well managed and delivering value for money results. Large investments are audited every two years, the rest on a three year cycle.

**Technical investment audits** provide assurance over approved organisations' activity management planning, adequacy of data used to assess network quality, value for money and safety and network management. The selection criteria include issues/risks, safety risks including crash rates, funding levels and time since the last audit. The frequency of technical investment audits is approximately eight years for each approved organisation.

### Key

|  |   |
|--|---|
|   | Combined procedural and technical audit |
|   | Procedural audit                        |
|  | Technical audit                         |

### Approved Organisations

|     | Regional Relationship Zone | Approved Organisation | Proposed financial quarter for visit |
|-----|----------------------------|-----------------------|--------------------------------------|
| 1.  | Upper North Is.            | Auckland Council      | 1                                    |
| 2.  | Upper North Is.            | Auckland Transport    | 2                                    |
| 3.  | Upper North Is.            | Kaipara DC (a)        | 1                                    |
| 4.  | Upper North Is.            | Whangarei DC          | 1                                    |
| 5.  | Central North Is.          | Hamilton CC           | 4                                    |
| 6.  | Central North Is.          | Matamata-Piako DC     | 2                                    |
| 7.  | Central North Is.          | New Plymouth DC       | 3                                    |
| 8.  | Central North Is.          | Otorohanga DC         | 2                                    |
| 9.  | Central North Is.          | Rotorua Lakes C       | 1                                    |
| 10. | Central North Is.          | South Taranaki DC     | 1                                    |
| 11. | Central North Is.          | Tauranga CC           | 1                                    |
| 12. | Central North Is.          | Waikato DC            | 4                                    |
| 13. | Central North Is.          | Waipa DC (a)          | 1                                    |
| 14. | Lower North Is.            | Carterton DC          | 3                                    |

|     | <b>Regional Relationship Zone</b> | <b>Approved Organisation</b>                    | <b>Proposed financial quarter for visit</b> |
|-----|-----------------------------------|---|---|
| 15. | Lower North Is                    | Greater Wellington RC                           | 3   |
| 16. | Lower North Is                    | Horowhenua DC                                   | 4   |
| 17. | Lower North Is                    | Hutt CC   | 2   |
| 18. | Lower North Is                    | Kapiti DC                                       | 3   |
| 19. | Lower North Is                    | Manawatu DC                                     | 4   |
| 20. | Lower North Is                    | Masterton DC                                    | 4   |
| 21. | Lower North Is                    | Porirua CC                                      | 3   |
| 22. | Lower North Is                    | Ruapehu DC                                      | 2   |
| 23. | Lower North Is                    | South Wairarapa DC                              | 3   |
| 24. | Lower North Is                    | Tararua DC                                      | 2   |
| 25. | Lower North Is                    | Whanganui DC                                    | 2   |
| 26. | South Is.                         | Chatham Is. C                                   | 3   |
| 27. | South Is                          | Christchurch CC                                 | 1   |
| 28. | South Is                          | Dunedin CC                                      | 4   |
| 29. | South Is                          | Enviro Canterbury                               | 2   |
| 30. | South Is                          | Enviro. Southland                               | 4   |
| 31. | South Is                          | Hurunui DC (a)                                  | 1   |
| 32. | South Is                          | Invercargill CC                                 | 4   |
| 33. | South Is                          | Kaikoura DC                                     | 1   |
| 34. | South Is                          | Nelson CC                                       | 3   |
| 35. | South Is                          | Queenstown Lakes DC                             | 3   |
| 36. | South Is                          | Tasman DC                                       | 1   |
| 37. | South Is                          | West Coast RC                                   | 2   |
| 38. | South Is                          | Westland DC                                     | 2   |
| 39. |                                   | Department of Conservation<br>(4 conservancies) | To be advised                               |

Notes:

a Carried over from 2017/18.

## **NZ Transport Agency – State Highway Design and Delivery**

The Transport Agency's state highway audit focus for 2018/19 will be on:

**SH minor improvements (low cost / low risk roads).** We will seek assurance that the rationale for projects is robust and the decision making process has adequate rigour and is consistently applied.

**SH maintenance programme.** We will review the adequacy and consistency of processes to determine that the right type of work is being delivered at the right time.

**SH procurement.** We will assess procurement processes to ensure they are well defined and meet requirements.

**Consent management.** We will review the processes and controls to record and monitor compliance with consent conditions.

Regional audits will also be undertaken for the Waikato and Hawkes Bay regions.

## **Benefit realisation reviews planned for 2018/19**

These reviews were previously called Post Implementation Reviews. Their focus has been on assessing how well improvement projects have delivered their main expected benefits, and explain variation between actual results and expected benefits and costs. The reviews have been renamed Benefits Realisation Reviews to reflect the focus on evaluating achievement of expected benefits.

Previously, a small sample of completed projects were reviewed each year. This sample was not representative of all NLTP investment in capital improvement projects. For this year, the planned approach will be to identify travel-time related projects completed within the 2015-18 NLTP timeframe. A larger sample across this programme will be selected to evaluate how well they have achieved their main expected benefits. This will give the ability to identify programme-wide benefit achievement and opportunities for improvements to benefit identification, estimation, delivery and measurement.

A separate sample of safety-focused improvement projects from the 2012-15 NLTP will be selected to evaluate their safety benefits. Selecting from this earlier NLTP period is necessary because five years of crash history is required for meaningful evaluation of safety outcomes.

The process and methodology for Benefit Realisation Reviews will be re-evaluated and amended during the year to reflect the Government Policy Statement (GPS) when finalised. The main expected changes to the reviews will be to identify how they can best evaluate benefits achieved from investment in a revised range of strategic priorities (for example: access, environment, value for money).