

Procurement procedure and guidelines for community focused activities



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Ikiiki Whenua Aotearoa

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Land Transport New Zealand
PO Box 2840
Wellington 6140

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Approved procurement procedure for community focused activities

Introduction

- 1 This procurement procedure is for the procurement of goods and services required to deliver various activities classified by Land Transport New Zealand as 'community focused activities' (work categories 431: community coordination, 432: community programmes and 433: community advertising).
- 2 A specific procedure for community focused activities is necessary because in some instances the procedures used by approved organisations¹ to procure these activities will be different to the procedures traditionally used to procure other land transport activities, such as network management professional services². For the sake of clarity, these procedures are referred to throughout as 'standard procurement procedure(s)'.
- 3 In some instances, community focused activities will be delivered by non-government organisations (NGOs) that are community groups³ or community trusts⁴. These groups will be independent, not-for-profit organisations, which are not part of the public sector. The groups will have charitable purposes and, in many instances, will draw heavily on voluntary contributions of both time and money from the community.
- 4 The Office of the Auditor General (OAG) has prepared a good practice guide entitled *Principles to underpin the management by public entities of funding to non-government organisations* (2006). Land Transport NZ expects approved organisations to demonstrate that they have considered and acted in keeping with the principles that are set out in the good practice guide when dealing with NGOs that are delivering community focused activities for them.
- 5 If the goods and services required to deliver community focused activities are supplied using the approved organisation's own staff and resources, their procurement must comply with Land Transport NZ policy for in-house professional services, as published in the *Programme and funding manual* (PFM1) (2006).
- 6 If the goods and services required to deliver community focused activities are to be outsourced and the objective of 'best value for money'⁵ (see paragraph 8) is better served by procuring from a commercial enterprise, following a conventional commercial purchase process, then procurement must be made in accordance with a standard procurement procedure.

¹ As defined by the Land Transport Management Act 2003 (LTMA).

² These are usually procurement procedures contained in the *Competitive pricing procedures manual volume 1 – physical works and professional services* (also known as CPP volume 1 or PFM3).

³ Such as the Māori Women's Welfare League, the Shakti Ethnic Women's Support Group, neighbourhood support groups, residents' associations, church groups, senior citizens' groups, youth groups, etc.

⁴ Such as Road Safety Hawkes Bay, Southland Road Safety Charitable Trust, Roadsafe Taranaki or Pacific Trust Canterbury.

⁵ To understand what is meant by 'best value for money' in this context, approved organisations should refer to Land Transport NZ's objectives and functions (LTMA s 68 and s 69), as well as the purpose of the LTMA (s 3).

- 7 The procurement procedure set out below should be used in conjunction with the 'Guidelines for the application of Land Transport NZ's approved procurement procedure for community focused activities', which begins on page 9.

Procurement procedure for community focused activities

Objective of this procurement procedure

- 8 The primary objective of all procurement for community focused activities must be to obtain the 'best value for money', having regard for the purpose of the LTMA and to competition considerations (s 25 of the LTMA), as well as the principles outlined in the OAG's good practice guide *Principles to underpin the management by public entities of funding to non-government organisations* (2006: 18–24).

Governance arrangements

- 9 An approved organisation must consider the risks and plan, negotiate, manage and monitor any procurement arrangement it establishes to deliver community focused activities in such a way that the approved organisation can be held to account for the effective and efficient use of public funds.
- 10 An approved organisation must establish suitable governance arrangements to oversee the management, delivery and monitoring of all community focused activities. Land Transport NZ will provide guidance on these arrangements.
- 11 An approved organisation must establish, document and publicise the governance arrangements and management processes that relate to the procurement of community focused activities.
- 12 An approved organisation's governance arrangements and processes for managing the delivery of community focused activities must include:
 - a a process for establishing local priorities that includes community consultation
 - b the process for advising their community that funding is available
 - c the application process
 - d the criteria used for assessing applications and selecting activities for funding
 - e the decision-making process
 - f the process for notifying all applicants of the outcome of the decision-making process
 - g the timeframe for the application and approval processes
 - h the process for reporting on achievements and monitoring progress.
- 13 An approved organisation must document all decisions that relate to the procurement of community focused activities in such a way that it is able to give reasons for those decisions.

Seeking community input into the programme

- 14 An approved organisation must publicise the availability of funding and seek applications for the delivery of community focused activities at least once a year.

Contracts with NGOs

- 15 An approved organisation must enter into a written agreement or contract with a provider for the delivery of community focused activities.
- 16 The agreement or contract must be consistent with this procurement procedure to the satisfaction of Land Transport NZ (acting reasonably).
- 17 The agreement or contract covered by this procurement procedure must include appropriate provisions to protect the interests of the approved organisation and Land Transport NZ in the event that a provider wishes to assign any of its benefits, rights or obligations under a contract.
- 18 The agreement or contract covered by this procurement procedure must include a documented process for resolving disputes between the approved organisation and any external provider of community focused activities.
- 19 The agreement or contract covered by this procurement procedure must include appropriate provisions to protect the intellectual property⁶ of all parties, including Land Transport NZ.
- 20 The agreement or contract covered by this procurement procedure must include a clause outlining the reporting and monitoring requirements specified by the approved organisation.
- 21 A 'term service contract' formed under this procurement procedure must not specify a term greater than five years.

Clustering

- 22 Two or more approved organisations may choose to 'cluster' to develop and deliver their community focused activities.
- 23 A nominated 'lead' approved organisation from the cluster would then deliver and manage the community focused activities agreed to by all the clustered approved organisations.
- 24 All the approved organisations involved in a cluster must participate in the governance of community focused activities delivered in their communities.

Use of an agent in the management of community focused activities

- 25 An approved organisation or cluster may choose to appoint an external agent to manage the delivery of community focused activities in their communities.

⁶ Intellectual property means, without limitation, all rights to, and any interests in, any patent, design, trade mark, copyright, know-how, trade secret and any other proprietary right or form of intellectual property (whether prosecutable by registration or not), agency contract, purchase contract, specification, formula, drawing, program, design, system, process, logo, mark, or style, including any modification or addition to intellectual property existing at the date of an agreement, which is created, made or discovered by the approved organisation/NGO or supplied by Land Transport NZ in connection with the agreement.

- 26 If an approved organisation or cluster chooses to appoint an NGO as their agent to manage the delivery of community focused activities, then that decision must be made in a way that is consistent with the objectives of this procurement procedure (refer to paragraph 8 above).
- 27 If an approved organisation or cluster chooses to appoint a commercial enterprise as their agent to manage the delivery of community focused activities, then that decision must be made in a way that is consistent with the objectives of this procurement procedure (refer to paragraph 8 above), and the agent must be selected and engaged using a standard procurement procedure.

Audit requirements

- 28 Details of all community focused activities undertaken by an approved organisation or, on their behalf, by their agent and/or local NGOs, must be held by the approved organisation and made available upon request to Land Transport NZ for audit purposes.
- 29 In particular, Land Transport NZ will require access to:
- a documentation supporting the governance arrangements and processes, particularly the decision-making process for selecting activities and the processes for monitoring activities
 - b individual contracts or agreements with providers for each activity
 - c monitoring documentation for each activity, including both financial and non-financial information
 - d documentation supporting the six-monthly and yearly reports provided to Land Transport NZ
 - e a financial summary, supported by clear records – this summary should list sufficient financial detail for each activity to reconcile the final claim.

Transitional arrangements

- 30 In order to manage the transition from the Community Road Safety Programme (CRSP) to the community focused activities, Land Transport NZ may, at its discretion, consider (on a case-by-case basis) approving (under LTMA s 25(1)) for a limited period any existing procurement arrangement that an approved organisation has, either with an NGO or a commercial enterprise.⁷ Such an approval would have a maximum life of two years from the date of the approval.

⁷ Such as a longstanding contract or agreement with an external provider of road safety coordination activities that was negotiated as part of the CRSP.

Guidelines for the application of Land Transport NZ's approved procurement procedure for community focused activities

Introduction

- 1 These guidelines are intended to help approved organisations apply Land Transport NZ's approved 'Procurement procedure for community focused activities'. They are not intended to be prescriptive of how approved organisations should organise themselves.
- 2 In some instances, community focused activities will be delivered by non-government organisations (NGOs), such as community groups or community trusts. These NGOs will not be competing through a tender process to win the right to supply certain goods and services to the approved organisation. Rather, they will be submitting proposals to the approved organisation and competing with other NGOs for a share of the pool of funds approved by councils for delivery of community focused activities by NGOs. These NGOs will be independent, not-for-profit organisations established for charitable purposes, which draw heavily on voluntary contributions of both time and money from the community.
- 3 An approved organisation may procure the delivery of community focused activities from an NGO or a commercial enterprise or through using its own (in-house) staff and resources. In most instances, the type of community focused activity being procured will dictate the procedure used to procure the entity's services. However, it is expected that the delivery of all community focused activities (whether delivered by NGOs, commercial enterprises or in-house) will be governed and managed jointly, irrespective of the way they are procured. Consequently, this section provides guidance on the complete management process for the delivery of community focused activities, including procurement, governance, reporting and monitoring procedures.
- 4 Both procurement from commercial enterprises and in-house procurement are discussed in these guidelines because the governance and management requirements of the 'Procurement procedure for community focused activities' will impact on them.
- 5 These guidelines for applying Land Transport NZ's approved procurement procedure for community focused activities is influenced by and builds on the *Principles to underpin management by public entities of funding to non-government organisations* (OAG, 2006).
- 6 Consequently, Land Transport NZ expects that approved organisations will use the *Principles to underpin the management by public entities of funding to non-government organisations* for additional guidance on good practice in relation to developing procedures to manage the delivery of community focused activities by NGOs.

Context

- 7 In June 2006, Land Transport NZ consulted on the proposed changes to the Community Road Safety Programme (CRSP), Safer Routes projects and travel behaviour change initiatives. As a result of that consultation, Land Transport NZ's Board agreed to changes to the policies governing the funding, delivery and management of these activities.
- 8 The new policies integrated the CRSP, Safer Routes projects and travel behaviour change initiatives into the National Land Transport Programme (NLTP) within the community focused activities work categories. The integration process has impacted on the delivery processes and expanded the objectives of these programmes/initiatives to include both safety and sustainability. It also changed the name of Safer Routes projects to neighbourhood accessibility plans.
- 9 As a result, funding to support a wide range of community focused activities is now applied for by approved organisations in their Land Transport Programme (LTP) using the community focused activities work categories (431: community coordination, 432: community programmes and 433: community advertising). This funding is distributed by Land Transport NZ to approved organisations through the NLTP.

Standard community programmes

- 10 An approved organisation's community land transport funding will support a number of activities that should be developed to meet the needs of a local community, or to address issues identified with a particular road user group. These activities will include standard community programmes (developed by Land Transport NZ as part of the CRSP) and those relating to sustainability activities. In most cases they will be delivered in a community context.
- 11 The Land Transport NZ-endorsed standard community programmes eligible for NLTP funding for 2007/08 are:
 - child restraint rental/loan/purchase programme
 - effective safety belt programme
 - community alcohol action programme
 - driver licence assistance courses, learner and restricted
 - unlicensed driver assistance
 - effective intersection safety programme
 - recidivist drink driver programme
 - early intervention for 'at risk' drivers
 - effective speed management programme
 - DriveTime, encouraging increased practice time
 - neighbourhood accessibility plans
 - travel behaviour change initiatives.

- 12 Each standard community programme is supported by guidelines outlining how to implement the programme. In some cases, the guidelines are part of a policy document and in others there are separate guideline booklets. Standard community programme providers (whether NGOs, commercial enterprises or in-house) must adhere to the specific community programme operational policy.
- 13 The standard community programme kits also contain a structured plan that provides sequence, content, resources and intended delivery methods. All resources relating to standard community programmes are available from Land Transport NZ regional offices.⁸
- 14 If a community focused activity that a council wants delivered is not based on one of these programmes, it is expected that it will conform to the good practice principles for community development.

The application of the approved procurement procedure for community focused activities

- 15 Land Transport NZ expects approved organisations to demonstrate that they have considered and acted in keeping with the principles that are set out in the OAG's *Principles to underpin management by public entities of funding to non-government organisations* (2006) when dealing with NGOs that they appoint to deliver community focused activities.
- 16 These principles are:
 - a **Lawfulness**: have activities, resourcing and accountability requirements been undertaken within the authority granted by Parliament?
 - b **Accountability**: have public entities given full and accurate accounts of their activities? Are governance and management arrangements suitable to address any concerns?
 - c **Openness** (transparency): is the nature of the delivery arrangement, and the way in which it was entered into, clear to all parties?
 - d **Value for money**: are resources used effectively and efficiently, without waste and in a way that optimises the public benefit?
 - e **Fairness** and **integrity**: are public entities and NGOs that are involved in delivery arrangements together meeting Parliament's and the public's expectations of an appropriate standard of behaviour in the public sector?⁹
- 17 Land Transport NZ expects that the dynamic relationship between the above principles, the need to take a risk-based approach and effective relationship management will all be taken into account when managing NLTP funding from the community focused activities work categories.
- 18 Where possible, an approved organisation's existing systems and processes should be used to apply the above principles.

⁸ Refer also to www.crsp.net.nz/projects/policy/index.php, www.landtransport.govt.nz/road-user-safety/walking-and-cycling/neighbourhood-accessibility-planning.html and www.landtransport.govt.nz/sustainable-transport/travel-behaviour-change.

⁹ For a more detailed description of the principles, refer to pages 18–24 of the *Principles to underpin the management by public entities of funding to non-government organisations* (OAG, 2006).

Governance and management arrangements

- 19 An approved organisation must establish, document and publicise the governance arrangements and processes – including, where relevant, selection criteria, contracts, agreements, and reporting and monitoring requirements – through which it will select and manage the delivery of *all* community focused activities.
- 20 An approved organisation’s governance arrangements and processes for managing the delivery of community focused activities must include:
 - a a process for establishing local priorities that includes community consultation
 - b the process for advising their community that funding is available
 - c the application process
 - d the criteria used for assessing applications and selecting activities for funding
 - e the decision-making process
 - f the process for notifying all applicants of the outcome of the decision-making process
 - g the timeframe for the application and approval processes
 - h a process for reporting on achievements and monitoring progress.
- 21 Where an approved organisation has a limited involvement¹⁰ in community focused activities, their existing management structures may be sufficient to meet these governance requirements.
- 22 An approved organisation with a multifaceted involvement¹¹ in community focused activities could choose to set up a governance committee or panel in order to comply with the requirement to establish suitable governance arrangements to oversee the management and delivery of *all* community focused activities.
- 23 Such a governance committee or panel could be newly formed or could be an existing committee, sub-committee or panel¹² that is capable of fulfilling the governance requirements. It could be made up of a mix of elected members, staff and external land transport stakeholders.¹³

¹⁰ For example, regional councils that deliver travel behaviour change initiatives in-house but do not engage with NGOs to deliver other community focused activities.

¹¹ For example, a local council that procures a range of community focused activities from NGOs, commercial enterprises and in-house staff and resources.

¹² These could be road safety coordinating committees, community assistance sub-committees, community development scheme funding assessment committees, etc.

¹³ External stakeholders may include (but not be exclusive to) local representatives of the Automobile Association, NZ Road Transport Association, New Zealand Police, ACC, Transit New Zealand, local iwi, Pacific peoples, migrant groups, injury prevention groups/organisations, walking and/or cycling advocacy groups, interested residents, community board members, local schools, local youth groups, regional councils, SADD, Community Public Health, etc.

- 24 A governance committee or panel should receive, review and approve applications for the delivery of community focused activities in line with the approved 'Procurement procedure for community focused activities' and other relevant land transport policies and strategies.¹⁴ It should also oversee the progress and monitoring of activities.
- 25 Irrespective of the type of governance structure an approved organisation chooses to use, any decisions it makes and any subsequent actions must be documented.
- 26 Two or more approved organisations may choose to 'cluster' to develop and deliver their community focused activities. A nominated 'lead' approved organisation from the cluster would then manage and/or deliver the community focused activities agreed to by all the clustered approved organisations. As such, all the approved organisations involved in a cluster must participate in the governance and management of the activities delivered in their communities.
- 27 Where an agent¹⁵ is appointed to manage the delivery of community focused activities, all the approved organisations involved should participate in the governance arrangements.

Notifying communities of funding opportunities

- 28 As a minimum, an approved organisation must publicise the availability of funding and seek applications for the delivery of community focused activities at least once a year.
- 29 A number of approaches can be used to publicise the availability of funding and to encourage NGOs (and others) to become involved. These include, but are not limited to, the following processes:
 - a advertise via newspapers, newsletters, websites, radio, email networks, etc for expressions of interest
 - b approach existing providers that the approved organisation has a relationship with
 - c use community coordinators to identify suitable NGOs
 - d encourage NGOs or individuals to identify land transport safety and/or sustainability issues in their community and to apply to the approved organisation to deliver a community initiated activity to address this issue
 - e use information about potential providers available from needs assessment or service planning
 - f use other government agencies, local government or other organisations to identify and recommend NGOs
 - g ask other NGOs, particularly umbrella groups, to recommend appropriate providers.¹⁶
- 30 In all dealings with NGOs, an approved organisation must be mindful of the need to be fair and transparent in all its processes.

¹⁴ Refer to paragraphs 32–35 below.

¹⁵ Refer to paragraphs 62–67 below.

¹⁶ Adapted from *Guidelines for contracting with non-government organisations for services sought by the Crown* (Treasury, 2003: 28).

Assessing and selecting applications

- 31 Any community activities that are funded through the community focused activities work categories should be consistent with regional land transport strategies and be responsive to regional and/or local land transport issues and trends.¹⁷
- 32 To identify relevant issues and trends, approved organisations should consult several sources:
 - a annual monitoring reports of their regional land transport strategy
 - b Land Transport NZ's local issues reports
 - c Land Transport NZ's safe and sustainable trends
 - d transport indicator strategies and data
 - e the intended outcomes or objectives of the various local or regional road safety, travel behaviour change and/or walking and cycling strategies.
- 33 Community focused activities could also address land transport issues or trends as identified in approved organisations' long-term community council plans (LTCCPs), annual plans and road safety action plans (RSAPs).
- 34 Approved organisations should also be receptive to funding activities that have been initiated by community groups/members to address a community identified issue or trend. Although these issues or trends may not be specifically identified in the various reports and strategies mentioned above, they should relate to the objectives of the New Zealand Transport Strategy and the other documents noted above.
- 35 Criteria for assessing and approving applications¹⁸ for the delivery of community focused activities should be based on whether or not an application addresses a relevant land transport issue or trend as identified through the sources mentioned above.
- 36 The criteria should include consideration of wider issues such as:
 - a adequate and relevant budget information
 - b an indication of appropriate community involvement
 - c clear and measurable objectives
 - d information on how the objectives will be addressed (the action plan)
 - e an evaluation process that is relevant to the action plan
 - f an undertaking that delivery of Land Transport NZ standard community programmes will meet the specified guidelines¹⁹
 - g an undertaking that activities based on non-standard programmes reflect good practice
 - h a health and safety assessment, including processes for managing key risks.

¹⁷ Such as private vehicle use, public transport use, energy efficiency through fuel consumption, road safety, road congestion or active transport mode use.

¹⁸ Including activities delivered in-house by approved organisations.

¹⁹ Refer to paragraphs 10–14 above.

- 37 An approved organisation, in its final consideration of all the applications to deliver community focused activities, must assess proposals against the objective of the 'Procurement procedure for community focused activities', in particular to obtain the best value for money.
- 38 Activities that should not be funded through the community focused activities work categories include:
- a road engineering, including signage and markings
 - b acquiring vehicles
 - c acquiring large capital items, eg computers, office furniture, televisions.
- 39 An example of an application assessment form is available from Land Transport NZ's regional offices for use or adaptation by approved organisations.

Non-contestable procurement

- 40 Where there are multiple providers who are capable of delivering community focused activities on behalf of an approved organisation, all those providers should be given a fair opportunity to be selected to do so.
- 41 However, there will be situations where the approved organisation concludes, following a fair, transparent and reasonable process of assessment of potential providers, that there is only one provider capable of effectively delivering a community focused activity to a target population.
- 42 Whenever such a non-contestable procurement approach is used, the approved organisation must ensure that the decision to use this approach is warranted and documented, and that all potential providers have been considered fairly.
- 43 An example of this would be when an approved organisation identifies the need to deliver a learner licence programme to migrant Muslim women in a particular location. There may be several commercial enterprises available to deliver learner licence programmes in that location; however, there may be only one provider that supplies services especially aligned to the cultural needs of the target population. The approved organisation may conclude that this group is the only potential provider that could *effectively* reach and deliver to the identified target population.
- 44 Refer to the publication *Procurement: A statement of good practice* (Office of the Controller and Auditor-General, 2001) for more guidance on the use of a non-contestable procurement approach.

Contracts with providers

- 45 Approved organisations will engage in different types of delivery arrangements with providers of community focused activities. These arrangements may range from agreements that have very few conditions attached to highly specified contracts for services that are paid by instalments against pre-set milestones or after the required services have been delivered. Nevertheless, an approved organisation must always first enter into a written contract or agreement with a provider for the delivery of community focused activities.

- 46 Providers contracted to deliver community focused activities by an approved organisation should not be permitted to sub-contract or assign the contracted activity (or part of the activity) to any other provider without the written authority of the approved organisation. This requirement must be included in the written contract or agreement between the approved organisation and the provider
- 47 Any agreements or contracts made in relation to the delivery of community focused activities must include:
- a appropriate provisions to protect the interests of the approved organisation and Land Transport NZ in the event that a provider (whether an NGO or commercial enterprise) wishes to assign any of its benefits, rights or obligations under a sub-contract
 - b a process for resolving disputes between the approved organisation and any external provider of community focused activities
 - c appropriate provisions to protect the intellectual property²⁰ of all parties, including Land Transport NZ
 - d a clause outlining the reporting and monitoring requirements specified by the approved organisation.
- 48 Land Transport NZ expects that anything created or produced directly through NLTP funding for community focused activities (including, but not limited to, posters, videos, publications, or lessons learned) would be made available to other approved organisations and to Land Transport NZ to distribute the product (such as posters, videos, publications, lessons learned) for use elsewhere within the NLTP. This access and right of distribution would be free of charge to Land Transport NZ, all approved organisations and all providers who have agreed or contracted with an approved organisation to provide community focused land transport activities.
- 49 For example, the 'Don't burst their bubble' campaign, which was conceptualised by the road safety coordinator in Waimakariri District, has also been initiated throughout the country to raise awareness about passing distances for cyclists and pedestrians. The lessons learned and the processes for undertaking these campaigns, as well as artwork and brochure design, have been shared freely among the various councils, irrespective of who owns the intellectual property.
- 50 Refer to the *Guidelines for contracting with non-government organisations for services sought by the Crown* (Treasury, 2003) for more detailed guidance on contracting with NGOs.
- 51 Sample agreements for low, medium and high risk or value funding allocations are available from Land Transport NZ's regional offices for use or adaptation by approved organisations. It should be noted that these agreements are examples only and any approved organisation that considers using them should obtain legal advice before doing so.

²⁰ Intellectual property means, without limitation, all rights to, and any interests in, any patent, design, trade mark, copyright, know-how, trade secret and any other proprietary right or form of intellectual property (whether prosecutable by registration or not), agency contract, purchase contract, specification, formula, drawing, program, design, system, process, logo, mark or style, including any modification or addition to intellectual property existing at the date of an agreement, which is created, made or discovered by the approved organisation/NGO or supplied by Land Transport NZ in connection with the agreement.

Monitoring and reporting

- 52 Details of individual community focused activities undertaken in-house, by commercial enterprises and/or NGOs must be held and maintained by the approved organisation for Land Transport NZ audit purposes.
- 53 In particular (but not limiting the type of details required), Land Transport NZ will require access to:
- a documentation supporting the governance arrangements and processes, particularly the decision-making process for selecting activities and the processes for monitoring activities
 - b individual contracts or agreements with providers for each activity
 - c monitoring documentation for each activity, including both financial and non-financial information
 - d documentation supporting the six-monthly and yearly reports provided to Land Transport NZ
 - e a financial summary, supported by clear records – this summary should list sufficient financial detail for each activity to reconcile the final claim.
- 54 Where possible, an approved organisation should consider opportunities to use an NGO's existing reporting requirements to other public entities before establishing separate accountability requirements for a 'new' funding arrangement.
- 55 A post-implementation review of *all* community focused activities (whether delivered by commercial entities, NGOs or in-house) must be undertaken by approved organisations in accordance with Land Transport NZ's procedures.²¹ However, an approved organisation should ensure that any additional monitoring or reporting requirements it imposes on an NGO to meet this requirement are in keeping with the level of funding provided.
- 56 For example, if the amount of funding involved is considered by the approved organisation to be small in comparison to other providers, the administrative costs to the approved organisation and to the provider should be appropriately modest.
- 57 Similarly, an NGO that has been chosen for its ability to effectively deliver messages or activities to a specific community (such as a particular ethnic group or geographic community) may be small and lack a sound administrative and accountability structure. The higher risks must be managed, but not necessarily with more administrative compliance. In this instance, management and monitoring arrangements may involve less paperwork²² but be supplemented by support and contact.
- 58 An approved organisation may choose to use financial thresholds²³ as a guide to selecting the level of reporting and/or monitoring it would require from a NGO.

²¹ Refer to the *Programme and funding manual*.

²² For example, a file note of discussions and decisions made rather than formal reports or a greater number of reports. Refer also to the appendix, paragraphs 20–26.

²³ Refer to the appendix, paragraphs 20–26.

- 59 Notwithstanding paragraphs 52–58 above, standard community programmes²⁴ must be monitored and reported on, and the post-implementation review done in accordance with Land Transport NZ’s operation policy and/or guidelines specific to the programme being undertaken.
- 60 Examples of application, reporting and post-implementation review forms for community focused activities are available from Land Transport NZ’s regional offices for use or adaptation by approved organisations.
- 61 Refer to the appendix for an example of how a fictional approved organisation *chose* to comply with the governance, management, reporting and monitoring requirements of the ‘Procurement procedure for community focused activities’.

Use of an agent to manage community focused activities

- 62 An approved organisation, or cluster of approved organisations, may choose to appoint an external agent to manage the delivery of community focused activities.²⁵
- 63 The type of agent appointed by an approved organisation or cluster to manage the delivery of community focused activities will dictate the procedure used to procure that agent’s services.
- 64 When selecting an agent to manage the delivery of community focused activities on its behalf, an approved organisation should give appropriate weight to the fact that the agent will be managing community activities.
- 65 If an approved organisation or cluster chooses to appoint an NGO as their agent to manage the delivery of community focused activities, then that decision must be made in a way that is consistent with the objectives²⁶ of the ‘Procurement procedure for community focused activities’.
- 66 If an approved organisation or cluster chooses to appoint a commercial enterprise as their agent to manage the delivery of community focused activities, then that decision must be made in a way that is consistent with the objectives of the ‘Procurement procedure for community focused activities’, and the agent must be selected and engaged using a standard procurement procedure.²⁷
- 67 Any agent appointed by an approved organisation or cluster to manage community focused activities must comply with the appropriate procedure(s) for procuring the delivery of these activities.

²⁴ Refer to paragraphs 10–14 above.

²⁵ This could be a trust, such as Road Safety Hawkes Bay, Southland Road Safety Charitable Trust and Roadsafe Taranaki, or a commercial enterprise, such as a consultancy firm.

²⁶ The primary objective of all procurement for community focused activities must be to obtain the ‘best value for money’, having regard for the purpose of the LTMA and to competition considerations (s 25 of the LTMA), as well as for the principles outlined in the OAG’s good practice guide *Principles to underpin the management by public entities of funding to non-government organisations* (2006: 18–24).

²⁷ This will usually be a procurement procedure contained in Land Transport NZ’s *Competitive pricing procedures manual volume 1 – physical works and professional services* (2006).

Procurement from a commercial enterprise to deliver community focused activities

- 68 As discussed above, an approved organisation may procure the delivery of community focused activities from either an NGO or a commercial enterprise or may provide them in-house. In most instances, the type of community focused activity being procured will dictate what procedure should be used to procure the goods or services.
- 69 Procurement of community focused activities from commercial enterprises will generally require compliance with a standard procurement procedure, which in most instances will be one published in the Land Transport NZ manual *Competitive pricing procedures manual volume 1 – physical works and professional services* (CPP volume 1) (2006).
- 70 The design of the procurement procedures in CPP volume 1 presumes that procurement will be, in almost all cases, from a private firm (commercial enterprise) that operates in a competitive supply market and that the approved organisation could choose to employ one of several suppliers.
- 71 While there will be situations where the supply of commercially contestable goods or services is required to deliver some components of a community focused activity or activities, it is not anticipated that this will be the prevailing situation for the delivery of most standard community programmes in a community context.²⁸ In most cases, NGOs will be submitting proposals to an approved organisation and competing with other NGOs for a share of the pool of funds made available by the approved organisation for the delivery of community focused activities in a community context.
- 72 However, situations could arise where an approved organisation procures the delivery of a community focused activity from an NGO, but the activity is being delivered on a commercial basis and in competition with others. In such a situation, the procurement must be treated as procurement from a commercial enterprise using a standard procurement procedure.

Procurement using an approved organisation's in-house staff and resources

- 73 If the services required to deliver community focused activities are supplied by an approved organisation's own staff and resources (in-house), then their procurement must comply with Land Transport NZ policy for in-house professional services as published in the *Programme and funding manual* (2006: 8-8 and 8-9).
- 74 Nevertheless, in-house delivery may supplement or be supplemented by resources or services supplied by NGOs or commercial enterprises, provided the external resources or services are obtained through an approved procurement procedure.
- 75 Land Transport NZ is in the process of updating this policy to provide for in-house delivery of community focused activities.

²⁸ Refer to paragraphs 10–14 above.

'Transitional' arrangements

- 76 To manage the transition from the CRSP to the community focused activities, any existing procurement arrangement that an approved organisation has, with either an NGO or a commercial enterprise,²⁹ can be approved for a limited period as a procurement procedure (under LTMA s 25(1)) upon application to Land Transport NZ. This approval would have a maximum life of two years from the date of approval.
- 77 If an approved organisation wishes to apply for approval of an existing procurement arrangement, they should do so in writing to the Land Transport NZ partnership manager for their region³⁰ and include details of their current procurement arrangement for community focused activities.

Conclusion

- 78 The important features of how an approved organisation administers the disbursement of funding for community focused activities are that an approved organisation:
- establishes a clear policy for funding community focused activities by ensuring it has an understanding of the purpose and criteria of the funding it administers, and collects information to allow it to periodically review the policies and strategies to which funding allocations contribute – this is to ensure that the policies and strategies continue to be relevant and that an approved organisation is satisfied with the progress it is making in delivering on its strategies and policies
 - ensures that it has the resources and skills to help NGOs access funds, and maintains an awareness of the capacity of NGOs and the demands of projects to ensure the activities funded are consistent with the purposes of community focused activities and are achievable for the NGO
 - ensures that there is both general information and information that is targeted to NGOs to promote and encourage fair access to the available funding
 - takes a risk-based approach to considering the extent of reporting and monitoring required, to balance the reporting burden with the particulars of the funding arrangement with the NGO
 - ensures that it keeps suitable records to show that funds are used for their intended purpose and that, at an overall level, funding allocations are delivering the land transport benefits anticipated from them.

²⁹ Such as a longstanding contract or agreement with an external provider of road safety coordination activities that was negotiated as part of the CRSP.

³⁰ Refer to www.landtransport.govt.nz/about/regions.html for contact details.

Reference documents

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Appendix: Procuring and managing the delivery of community focused activities¹

Introduction

- 1 It is the intention of this appendix to supplement the guideline and provide a more detailed example of how a fictional approved organisation (Council A) chose to comply with Land Transport NZ's 'Procurement procedure for community focused activities' through its governance and management of the delivery of community focused activities.
- 2 Council A is a large urban authority that has a multifaceted involvement in community focused land transport activities, including managing funding and delivery by NGOs, commercial enterprises and in-house professional services for a mix of activities.

Council A's processes for procuring and managing community focused activities

Governance and management processes

- 3 In order to comply with Land Transport NZ's 'Procurement procedure for community focused activities', Council A established a funding governance committee that is made up of one elected member, two staff and two external land transport stakeholders.² It called this committee the Community Land Transport Governance Committee.
- 4 The Community Land Transport Governance Committee acts under delegation from the council to manage the funding, delivery and monitoring of community focused activities. The activities are delivered internally (in-house) using the approved organisation's own staff and resources, as well as externally via funding allocations to NGOs and others.
- 5 Council A's in-house activities relate to the coordination of all community focused activities, the delivery of standard community programmes to the wider community, neighbourhood accessibility planning and the undertaking of travel behaviour change initiatives. For the most part, Council A funds NGOs to deliver land transport community development initiatives and standard community programmes³ to targeted populations. Neighbourhood accessibility planning and travel behaviour change initiatives (workplace and school travel plans) are managed and delivered in-house. Some activities, such as radio advertising to support a community programme or initiative, are procured from commercial enterprises on an as-needed basis.

¹ This example has been adapted from scenario 4 in *Principles to underpin management by public entities of funding to non-government organisations* (OAG, 2006).

² Such as local representatives of the Automobile Association, NZ Road Transport Association, NZ Police, ACC, Transit, local iwi, Pacific peoples, migrant groups, injury prevention groups/organisations, walking and/or cycling advocacy groups, interested residents, community board members, local schools, local youth groups, regional councils, SADD and Community Public Health.

³ Refer to paragraphs 10–14 in the section 'Guidelines for the application of Land Transport NZ's approved procurement procedure for community focused activities' for information about standard community programmes.

- 6 Council A has branded the funding for community focused activities that it makes available for allocation to communities the 'Council A's Community Land Transport Fund'.
- 7 The procurement of community focused activities from commercial enterprises or in-house requires compliance with procedures other than the approved 'Procurement procedure for community focused activities'. However, Council A ensures that all procurement decisions and subsequent actions relating to the delivery of community focused activities, whether in-house or external, are ratified by the governance committee. This way, the council is able to coordinate and package delivery in relation to all its land transport activities, including construction and maintenance projects, neighbourhood accessibility plans (NAPs), travel behaviour change initiatives and road safety activities.
- 8 Council A has a road safety action plan (RSAP) and walking and cycling strategies and is a member of the Communities for Climate Protection programme. Its long-term council consultation plan (LTCCP) and annual plan refer to the community focused activities it intends to deliver. Based on these and other resources, it has developed a land transport programme with projects in the community focused activities work categories.
- 9 Council A has appointed two community land transport coordinators⁴ who, among other duties, are responsible for:
 - a liaising with NGOs, including making sure that the NGOs know about the interests of, and funding opportunities available from, the council and other organisations
 - b helping (where appropriate) NGOs to establish and maintain their own organisational capacity, through which the coordinators build their understanding of the capability of groups for managing funding allocations and for delivering community land transport activities
 - c running the application process, including providing information through newspapers and websites, and specific support to NGOs in preparing application proposals
 - d managing the assessment of applications, including how the applications relate to the relevant national, regional and/or local policies and strategies,⁵ and making recommendations to the governance committee about applications
 - e managing, monitoring and evaluating the use of funding allocations provided and the success of the activities or initiatives funded
 - f taking part in reviews of policy, strategies and procedures based on their knowledge of community needs and interests.
- 10 Prior to promoting the available funds, Council A established (through the approval of the governance committee) the timelines, processes and requirements for application, selection (including criteria), monitoring and reporting thresholds for its Community Land Transport Fund.

⁴ These coordinators could be council employees or contracted service providers.

⁵ Refer to paragraphs 32–35 in the section 'Guidelines for the application of Land Transport NZ's approved procurement procedure for community focused activities' for examples of relevant documents.

- 11 To promote the availability of its Community Land Transport Fund to a wide range of potential providers (and to ensure that the council observes the principle of openness), Council A provides:
 - a public information about the availability, purposes, criteria, application process (including timelines) and recent funding decisions through its website, community newspapers, local radio and existing coordinator networks
 - b information and support targeted at NGOs, by mailing information about funding application opportunities and holding seminars, hui or fono to help organisations considering making applications.

Selecting providers and activities and negotiating the contract terms

- 12 The arrangements for assessing and selecting the Community Land Transport Fund activities and applicants are critical to managing the council's funding allocations fairly and transparently. Consequently, Council A ensures that its consideration of applications follows a documented process.
- 13 Following the deadline for applications, the community land transport coordinators assess the funding applications against the documented criteria and prepare recommendations for the governance committee.
- 14 The governance committee then uses an agreed process to assess all the applications (in-house and external) to deliver community focused activities, both individually and relative to those currently before the council and recently approved, considering:
 - a the extent of the demand or need and the benefit intended to result from the service or initiative proposed in relation to its cost
 - b the support requested from Council A and how the funding requested fits with the purposes of, and criteria for, the available funding
 - c the capability of the group applying for funding and the other resources or support the group may need for the proposal to succeed.
- 15 For the applications that it believes merit consideration for funding support, the governance committee then considers:
 - a the nature and risks associated with any service or initiative proposed
 - b the funding that should be provided and how well this fits with the scope of the service or initiative that the group is proposing to undertake.
- 16 The governance committee then considers the form of the agreement and the monitoring and accountability arrangements that it considers suitable for the level of risk and/or funding involved in the delivery of the activity, based on previously decided financial thresholds. It therefore considers:
 - a the form of the agreement – a low-value/risk agreement, a medium-value/risk agreement or a high-value/risk agreement
 - b the extent of financial reporting expectations

- c the extent of reporting on the success or achievements of the service or initiative
 - d the risks associated with the funding allocation, and the extent of monitoring and support required from the council.
- 17 Council A decided, via its governance committee, that lower-value funding allocations (less than \$2000) will be provided through a low-value or low-risk agreement that imposes minimal reporting requirements (refer also to paragraphs 20–26 below).
- 18 Medium-value or medium-risk funding allocations (greater than \$2000 but less than \$10,000) will be provided through an agreement in which Council A requires:
- a the funding to be spent in keeping with the NGO’s application and within one year of allocation
 - b the NGO to inform the governance committee (via the community land transport coordinators) of any delays or modifications to the project
 - c a six-monthly progress report and a post-implementation review (refer to paragraph 23 below), noting that a failure to provide the review will be considered when the NGO applies for any funding in the future.
- 19 High-value or high-risk funding allocations (greater than \$10,000) will be provided through an agreement in which Council A requires all the conditions of the medium-value contract but with the additional requirements of:
- a at least one face-to-face progress report to the community land transport coordinator
 - b Council A withholding 25 percent of the agreed funding until the post-implementation review is received.

Balancing accountability and value-for-money principles

- 20 Council A needs to carefully consider the accountability arrangements it requires of a group receiving a funding allocation. The compliance costs for a group need to be balanced against the broader need to ensure that the allocations are used in keeping with the principles set out in Land Transport New Zealand’s procurement guidelines and the Office of the Auditor-General’s *Principles to underpin management by public entities of funding to non-government organisations* (2006: 17–24).
- 21 Council A balances the level of accountability it seeks through its reporting requirements with the funding that it provides. Council A recognises that the more established an NGO is, the more likely it is to prepare information (such as audited annual financial statements) as a matter of course. However, Council A does not make annually audited financial statements a mandatory requirement (unless the founding document for the NGO specifies an annual audit requirement) for all funding allocations.
- 22 The council has considered financial accountability options and requires audited financial statements for funding over the specified financial threshold of \$10,000. Beneath this financial threshold, it has accepted that a range of processes will ensure there is appropriate accountability for the use of funds, eg:

- a a detailed account of how money is spent, showing how funding comes into and goes out of the NGO's finances, and requires receipts to verify major expenditure, or
 - b the preparation of annual financial statements that have been reviewed and signed by an independent and suitably qualified person – the council specifies that a suitably qualified person could be a bank manager, accounting graduate, retired accountant or accounting technician, rather than a member of the New Zealand Institute of Chartered Accountants.
- 23 The council has also considered the level of reporting it should request about the progress with, or achievement of, a funding allocation's purposes. To ensure that the demands it makes about reporting achievements and benefits are in keeping with the level of funding provided, Council A requires the recipients of smaller funding allocations to provide a post-implementation review that includes the following:
- a a description of the activity delivered and the target audience
 - b a detailed account of how money was spent, showing how funding comes into and goes out of the NGO's finances, and receipts to verify major expenditure
 - c the number of resources (brochures, balloons, key rings, magnets, etc) distributed, if appropriate
 - d the number of participants attending an event or programme, if appropriate
 - e anecdotal feedback from the target audience and/or media coverage of events.
- 24 For larger funding allocations, Council A requires NGOs to provide, in addition to financial statements, a post-implementation review that includes:
- a background on how the issue/problem was identified
 - b community involvement (how was the target community involved, what did they do?)
 - c process (what was done? how was it done? were the objectives achieved?)
 - d reflections on the activity/initiative (what worked? what didn't? what changed? why? etc)
 - e community response (how has it affected the people for whom it was planned? what feedback was received from the community? what were the opinions of the people involved in planning and implementing the activity?)
 - f media coverage (was the provider successful in generating broadly based community interest in the project?).⁶
- 25 Depending on the value, risk or timeframe for delivery, Council A may also require six-monthly or quarterly progress reports from the recipients of larger funding allocations.
- 26 Notwithstanding paragraphs 20–25, Council A ensures that standard community programmes⁷ (whether delivered by NGOs or in-house) are monitored, post-implementation reviewed and reported on in accordance with Land Transport NZ's operation policy and/or guidelines specific to the programme being undertaken.

⁶ An example of a post-implementation review form is available from Land Transport NZ's regional offices.

⁷ Refer to paragraph 11 in the section 'Guidelines for the application of the procurement procedure for community focused activities' for a list of these programmes.

Managing and monitoring the funding arrangements

- 27 Council A also considered what support and monitoring might be needed to help an NGO to manage the identified risks, so that an activity will achieve its intended purposes. It has acknowledged that established and stable NGOs are likely to need less support or monitoring from the council than emerging NGOs. In contrast, ambitious projects that need extensive coordination are likely to require more monitoring attention and support from the council.
- 28 The council's community land transport coordinators are responsible for making such assessments and for staying in contact with the NGOs identified as likely to benefit from advisory support while the funded activity is undertaken.
- 29 Council A must ensure that it is accountable to its ratepayers and residents, as well as other individuals and organisations that provide funds for it to distribute (such as Land Transport NZ). Therefore, the council has made sure that, in managing community funding, it maintains discrete records for each identified fund to demonstrate that it has used all funds in keeping with the relevant criteria and policy.
- 30 Council A requires its staff to report to the governance committee regularly about:
 - a the year-to-date expenditure of funding allocations
 - b an analysis of applications received, amounts of funding sought, the purposes of funding and the amounts of funding approved
 - c achievement of reporting requirements for funding allocations and the action taken where the requirements are not met
 - d the reported results achieved by funding allocations, noting the features of funding allocations that appear to have successfully achieved the intended objectives compared to those that have not
 - e any features that could help the governance committee with its funding decisions in the future.

Our contact details

For general enquires, or more information about Land Transport New Zealand, please email

info@landtransport.govt.nz

www.landtransport.govt.nz

National Office

Telephone 04 931 8700 Fax 04 931 8701
PO Box 2840, Wellington

Northern Region

Auckland Office

Telephone 09 969 9800 Fax 09 969 9813
Level 6, 1 Queen Street
Private Bag 106602, Auckland

Midland Region

Hamilton Office

Telephone 07 958 7840 Fax 07 958 7866
183 Collingwood Street
Private Bag 3081, Hamilton

Central Region

Wellington Office

Telephone 04 931 8900 Fax 04 931 8929
Master Builders House
234 Wakefield Street
PO Box 27249, Wellington

Napier Office

Telephone 06 974 5520 Fax 06 974 5529
Level 3, Dunvegan House
215 Hastings Street
PO Box 972, Napier

Palmerston North Office

Telephone 06 953 6296 Fax 06 953 6203
Level 3, IRD Building
Cnr Ashley and Ferguson Streets
PO Box 1947, Palmerston North

Southern Region

Christchurch Office

Telephone 03 964 2866 Fax 03 964 2855
Level 5, BNZ House
129 Hereford Street
PO Box 13364, Christchurch

Dunedin Office

Telephone 03 951 3009 Fax 03 951 3013
AA Centre, 450 Moray Place
PO Box 5245, Dunedin

Transport Registry Centre

Telephone 06 953 6200 Fax 06 953 6411
Level 3, IRD Building
Cnr Ashley and Ferguson Streets
Private Bag, Palmerston North

Call centres

General enquiries	0800 699 000
Driver licensing	0800 822 422
Road user charges	0800 655 644
Motor vehicle registration	0800 108 809
Overdimension permits	0800 683 774