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Tier One Policies Approval

For decision:

For noting:

Te tūtohunga / Recommendation

That the Auckland Transport Board (board):

- a) Approves the updated Auckland Transport (AT) Delegations Manual for adoption and implementation at AT;
- b) Approves the updated Treasury Management Policy for adoption and implementation at AT; and
- c) Approves the updated Gifts and Hospitality Policy for adoption and implementation at AT.

Te whakarāpopototanga matua / Executive summary

1. The AT Delegations Manual, Treasury Management Policy and Gifts and Hospitality Policy were recently updated as part of their normal review cycle under AT's Policy Development Framework. Changes were made to these policies to align them to changes in AT's operations, Auckland Council direction, legislation, changes in external guidance and standards.

Ngā tuhinga ō mua / Previous deliberations

2. The updated draft policies were reviewed and discussed at the Finance and Assurance Committee meeting held on 4 May 2021. The Committee endorsed the AT Delegations Manual, Treasury Policy and Gifts and Hospitality Policy for board approval.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

3. AT regularly reviews and updates its policies to ensure that they reflect leading practice, address key risk areas in the organisation and align to Auckland Council direction. Policies that are strategic in nature, have reputational impact or provide direction on important operational activities have been classified as Tier One policies. Tier One policies are approved by the board.

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Ngā matapakinga me ngā tātaritanga / Discussion and analysis

4. Below is a summary of the key changes made to the Delegations Manual and the two policies as a result of the recent update:

i) **AT Delegations Manual**

- **Change in board delegations to the Chief Executive**

AT Delegations Manual Reference	Current delegation	Proposed delegation	Rationale for change
Part C: Board Delegation to the Chief Executive Schedule 1: Finance limits delegated to Chief Executive	Contracts 10. The Chief Executive may only approve a contract that commits AT to financial expenditure over a term where the total contract term is 5 years or less. Board approval is required for any contracts that commit AT to expenditure beyond a 5-year total contract term including rights of renewal.	Contracts 10. Board approval is required for any contracts or contract extensions that commit AT to expenditure beyond a 5-year total contract term (including rights of renewal) and have a total contract value of \$20 million or more. 11. Only the Chief Executive may approve a contract or contract extension that commits AT to financial expenditure over a term where the total contract term is over 5 years and less than \$20 million. Any contract extension beyond 5 years will require clear rationale as to why it has not been taken to market and will require sign off from the relevant EGM and EGM Finance. Whenever the Chief Executive exercises this delegation, the Chief Executive shall report to the board providing contract details and reason for extension. 12. The Chief Executive may approve contract variations for Public Transport Operating Model (PTOM) Contract providing the current year contract value is included in	Issues: <ul style="list-style-type: none"> • Many low value contracts get caught by the 5-year term limit especially in the Business Technology space. • Low value PTOM contract variations (caused by operational changes such as timetable changes, route changes, service frequency changes etc) must go to the board for approval because overall contract values for these types of contracts are over \$20 million. Solution: Give the Chief Executive the delegation to: <ul style="list-style-type: none"> • extend contracts after the first 5-year term (where appropriate) with the condition that the total contract value is under \$20 million. • Approve low value PTOM contract variations providing the current year contract value is included in the current Long-Term Plan and the Annual Plan.

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AT Delegations Manual Reference	Current delegation	Proposed delegation	Rationale for change
		the current Long-Term Plan and the Annual Plan.	The Chief Executive will provide regular reporting to the board when these delegations are exercised.

• **Changes in the Chief Executive’s financial and non-financial delegations to AT Employees**

The Chief Executive’s financial and non-financial delegations have been updated and amended as follows:

- New Chief Executive delegations in relation to contracts and contract variations will be included in schedule 2 of the Chief Executive’s financial delegations if the change in Board delegations to the Chief Executive is approved.
- Delegations relating to authority to commit AT to leases have updated to include scenario’s where AT is lessee (i.e. expenditure leases) and where AT is lessor (i.e. revenue leases). Previous delegations only spoke about expenditure leases.
- Delegations relating to authority to sign-off of third-party work programmes such as KiwiRail and Transdev have been clarified.
- Delegations relating to staff expenses for attending conferences and training have been clarified and amended to align to the new Culture and Transformation system Pa Mai.
- A new delegation has been included to reflect AT current practice where AT acts as an agent for Waka Kotahi New Zealand Transport Agency (Waka Kotahi) and passes on funding from Waka Kotahi to relevant organisations.
- Delegations in relation to human resources have been amended to give more authority to tier 3 and tier 4 managers and to reduce the number of required approvals for routine human resources matters. This has been done to empower people leaders and to demonstrate trust in their ability to make good decisions.
- Other changes to non-financial delegations have been made to cater for operational changes due to restructures or legislative changes.

ii) **Treasury Policy**

- No change from the version that was approved by the board in 2018.

iii) **Gifts and Hospitality Policy**

- Some of the key changes from the previous policy include:



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- new principles that require that any gift offered of greater value than \$30 should be refused and declared. Token gifts worth \$30 or less can be accepted and do not need to be declared, but no more than three token gifts from the same supplier may be accepted in a single year.
- the Policy scope has been expanded to include third parties associated with AT representatives (such as spouses or family members) if it can be argued or perceived that gifts and/or hospitality provided was in fact for the benefit of the AT representative.
- Offers to attend sponsored events or training opportunities may be acceptable if specific conditions are met and with approval from a line manager.

Ngā tūraru matua / Key risks and mitigations

5. These policies will help AT to mitigate fraud, reputation and financial risks across the organisation.

Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

6. N/A. Implementation of these policies will not require any additional resources.

Ngā whaiwhakaaro o te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

7. N/A.

Ngā reo o mana whenua rātou ko ngā mema pooti, ko ngā roopu kei raro i te maru o te Kaunihera, ko ngā hāpori katoa / Voice of mana whenua, elected members, Council Controlled Organisations, customer and community

8. Considered as part of the review and update of these policies.

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Ngā whaiwhakaaro haumaruru me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

9. Considered as part of the review and update of these policies.



Ā muri ake nei / Next steps

10. The approved policies will be published on AT's intranet and communicated to staff through internal communication channels in due course.

Te whakapiringa / Attachment

Attachment number	Description
1	Delegations Manual
2	Treasury Management Policy
3	Gifts and Hospitality Policy

Te pou whenua tuhinga / Document ownership

Submitted by	Thembi Nyathi Manager Internal Audit	
Recommended by	Rodger Murphy Executive General Manager Risk & Assurance	
Approved for submission	Shane Ellison Chief Executive	