

Our ref: W627E44

10 September 2024

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Interim report on assurance review over the Applications process to establish Charter Schools | Kura Hourua

Attached is our interim report for this engagement. If you wish to discuss this report, please contact me on [REDACTED] or [REDACTED].

Nāku noa, nā

[REDACTED]

[REDACTED]

Cc: [REDACTED]

Report to [REDACTED]
[REDACTED] Te
Tāhuhu o te Mātauranga –
Ministry of Education

Assurance over the
Application process to
establish Charter Schools |
Kura Hourua – interim report

September 2024

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Conclusion

We reviewed stage one of the Charter School Agency's process (run by Te Tāhuhu o te Mātauranga - Ministry of Education) to approve applications for establishing Charter Schools | Kura Hourua. We considered information provided by the Ministry. We also undertook our own review as set out in this report.

We considered whether the process for stage one was conducted in accordance with the Ministry's policy, planning, and published documentation, applicable rules and good practice for public sector procurement, and probity principles.

Nothing has come to our attention to indicate that the process was not conducted in accordance with the Ministry's policy, planning, and published documentation, applicable rules and good practice for public sector procurement, and probity principles.

We are not aware of any outstanding probity issues.

This is an independent assurance report. More information on Audit New Zealand's assurance services is provided in [Appendix 3](#).

If there are any aspects that you wish to discuss further, please contact [REDACTED] on [REDACTED] or e-mail [REDACTED]

Contact us:

www.auditnz.parliament.nz/services/assurance-services

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Background



The establishment of a charter school model for New Zealand is a government priority that we understand the Government expects to provide educators with greater autonomy, create diversity in New Zealand's education system, free educators from state and union interference, and raise overall educational achievement, especially for students who are underachieving or disengaged from the current system.

The Charter Schools | Kura Hourua Establishment Board was established to provide strategic oversight and advice on the implementation of the Charter Schools | Kura Hourua model. The Charter School Kura Hourua Establishment Board will work with the Ministry of Education on key decisions relating to the initial establishment of the charter school model and ongoing functions and management of the model.

The Charter School | Kura Hourua Authorisation Board will be established as an independent statutory board, with its functions and powers defined by legislation. Once established, the Board will be responsible for approving applications to establish charter schools and for implementing interventions against sponsors who fail to meet contractual or legislative obligations.

The Charter School Agency was established and began the application process to advance capable applications to a second stage, aiming to have the first schools open in Term 1 of 2025. Final decisions on the establishment of new and converting charter schools will only be made once legislation is passed and the independent Charter School | Kura Hourua Authorisation Board is established.

In addition to onboarding charter schools, the Ministry followed a process to appoint one or more Support Entity or Entities to provide support and manage Charter Schools through an accelerated closed competitive process.

The Ministry wished to have independent assurance over the procurement-led aspects of the Charter Schools programme. The procurement-led aspects included:

- the planning and design of the closed competitive process to engage the Support Entity or Entities; and
- the planning and design of the process for applicants interested in becoming Charter Schools.

This report relates to assurance services provided to the Ministry for the first stage of the application process for sponsors applying to establish charter schools. The Ministry is hosting and managing the application process on behalf of the Charter School Agency.

We issued a separate report on 6 September with our assurance conclusion on the engagement of a Charter School | Kura Hourua Support Entity or Entities.

Summary of work completed

This report sets out our findings and conclusion on the first stage of the application process for sponsors applying to establish charter schools. We provided assurance over the process in accordance with our proposal dated 17 May 2024.

Probity means honesty and doing the right thing. It is important in the public sector where significant processes need to be conducted with integrity and fairness. The public needs confidence that decisions are made impartially, for the right reasons, and are not influenced by personal interests or ulterior motives. Operating ethically means treating people as they expect. Probity is particularly important in a process of this nature. Maintaining the trust and confidence of applicants is key to generating competition and achieving best public value.

The following section provides a summary of the elements that we reviewed and the issues we considered in reaching our conclusion about the probity of the Ministry's processes.

Although this application process was not a traditional procurement process, we adhered to the principles of good practice in public sector procurement, including probity expectations, which underpinned our assurance services. The Ministry's Application Plan for this process also recognised that the application process adheres to procurement principles.

Our report identifies the aspects of good practice that we observed, and discusses probity risks that were avoided, mitigated or managed.

Planning the Stage one Application process



Our expectations

To achieve the desired outcomes without unfairly disadvantaging any prospective Sponsor, the design of the process must be appropriate to the size, nature and risk associated with the process.

We expect planning to be carried out consistent with good practice, taking into consideration the Government Procurement Rule (4th edition October 2019) (GPR) Principles, policy, guidance and other initiatives. We also expect planning to meet the requirements of your own policy and procedures.

Our findings

Before we were engaged, the Ministry conducted preliminary market engagement and analysis in developing the Charter Schools | Kura Hourua model and its related operating policies. There is benefit in early market engagement as it can lead to a well informed procurement/application process. However, there are also risks to fairness if some parties get early or preferential access to information not available to everyone. Following discussions with the [REDACTED] about the process, we were confident that any probity risk resulting from these engagements was low.

The Ministry documented its approach to stage one of the application process in the Stage One Application Plan. Given the timing of the first Charter Schools | Kura Hourua opening in the first term of 2025, the Ministry faced a tight timeframe to complete the application process. Consequently, detailed planning for stage two was not completed when the Stage One Application Plan was developed. The Stage One Application Plan did include an indicative end-to-end process, that was agreed. Not documenting a detailed end-to-end process from the start poses several risks. It may lead to an incomplete understanding and assessment of risks affecting the entire process. Additionally, if significant changes are made in the second stage, the process could be perceived as unfair, biased, and lacking in integrity. This is particularly the case once interested parties are known (from Stage One applications) as there are risks of actual or perceived bias in designing Stage Two to the advantage or disadvantage of these parties. The Ministry acknowledged these risks and accepted them.

The Stage One Application Plan acknowledged that until the independent Authorisation Board was established by legislation, the Charter School Agency was responsible for assessing application viability in Stage One. Once established, the independent Charter Schools | Kura Hourua Authorisation Board would have the ultimate responsibility to approve or decline final applications.

The Charter School Agency's dual role in Stage One, acting as both assessor and approver of application viability for Stage Two, introduced a risk to the process. To mitigate the risk, the Ministry implemented a plan that included one independent rating assessor. The broader assessment panel also included non-rating Subject Matter Experts (SMEs), with one being independent. These measures partially addressed the risk, but some residual risk remains, which the Ministry acknowledged and accepted.

We reviewed the Ministry’s Stage One Application Plan (received on 5 July 2024) and provided feedback. On 11 July, we received the final approved Stage One Application Plan which addressed our feedback. The Stage One Application Plan was approved by the Chief Executive of the Charter School Agency on 11 July. Overall, the content of Stage One Application Plan was consistent with good practice and adequately documented the key planning decisions to inform the Stage One application process.

The final Stage One Application Plan was sufficient to document the key process decisions and guide the development of the application for stage one.

The Ministry acknowledges and accepts the risks associated with documenting only the first stage of the two-stage application process in detail.

The Ministry also acknowledges and accepts the risk associated with the dual roles of the Charter School Agency in stage one.

Managing risks from conflicts of interest



Our expectations

All those with influence over an application process should act with integrity, free from conflicts of interest and bias. Decisions, including those at the planning stage, should be made impartially.

We expect a well-structured and timely approach to identify and manage risks from actual, potential, or perceived conflicts of interest and bias. We also expect you to meet the requirements of your own policy and procedures. We expect any declared issues to be considered and conflict management plans to be reviewed and approved by a manager with authority to accept any residual risk. This ensures you do not take risks outside of your organisation’s risk appetite. Managing risks related to conflicts of interest is an essential element of planning and is a common area where probity risks arise.

Our findings

We reviewed all conflict of interest declarations that were completed for a related process (engaging a Support Entity or Entities to support sponsors that are applying to establish charter schools). At that time, there were no conflict of interest disclosures made that were relevant to stage one of Charter Schools | Kura Hourua application process.

Consistent with good practice, the Ministry required staff and advisers to update their conflict of interest declarations at any time they became aware of changes requiring disclosure.

The broader assessment panel, including SMEs, confirmed that they had no conflicts of interest to declare before receiving the Stage One applications. We reviewed all conflict of interest declarations and the agreed mitigation strategies for any disclosures made. We are satisfied that the mitigation

strategies were appropriate for the circumstances. During the assessment panel hui (a meeting to discuss applications and score them to reach a consensus rating), one assessor and one SME declared a conflict of interest that they had become aware of. The mitigation strategy at this stage was for the individuals to leave the room and recuse themselves from the discussion and rating of the relevant applications. This occurred in three instances during the hui (one instance was a previous known conflict of interest). These measures partially addressed the conflict of interest risk, but some residual perception risk remains, which the Ministry acknowledged and accepted.

One sponsor declared a conflict of interest in their application submission which did not affect the process and no conflict management plan was required. We verified this by reviewing the compliance register, which documented the Ministry’s review of applications against the Stage One Application requirements.

Subsequent to applications closing, applicants were asked to confirm (by return email) that they had not had any direction from or engagement with a member of the Charter School | Kura Hourua Establishment Board during the preparation of their application. Three applicants declared a conflict of interest. These were passed to the Charter School Agency to manage with the Establishment Board in accordance with their agreed Conflict of Interest processes. One application with a declared conflict later withdrew from the process. We were not consulted on the two declared conflicts of interest, as the processes followed by these agencies fall outside the scope of our services.

During assessment the panel identified one application with a significant undeclared conflict of interest. This application was set aside and not initially assessed. After the assessment hui was held, the conflict of interest was resolved and the application assessed via a virtual hui. We did not attend the virtual hui. We consider the Ministry’s actions to be appropriate under the circumstances.

In our view the Ministry’s processes for managing the risks from conflicts of interest were robust.

Stage one application documentation



Our expectations

Documents inviting or encouraging sponsors to participate in an application process must be consistent with the process planning. These documents give effect to the application process design decisions, putting the plan into practice. Together, planning and application documentation helps ensure the process is fair to all prospective sponsors.

We expect good quality, clear documentation that sets out the requirements, the process, the conditions of responding, and any reserved rights. It should be clear how prospective sponsors should respond. The good practice templates provided by the Ministry of Business Innovation and Employment (MBIE) for procurement processes are still applicable to this process. We expect these templates to be used, or a clear rationale for any variation. Furthermore, we expect the Ministry to comply with its Procurement Policy, which acknowledges the principles of the Government Procurement Rules.

We expect the application opportunity to be advertised widely and the application documents made accessible to all interested sponsors in an equitable manner.

Our findings

We reviewed the draft Application document and its accompanying materials (received on 10 July) and provided feedback. The interim Charter School Agency Executive Director reviewed the documents and provided verbal approval for these to be released to the market. The content of these documents was consistent with the Application Plan.

The final Application document, downloaded from GETS on 11 July, adhered to good practice. We were satisfied that it provided sufficient information for sponsors to respond, and our feedback was incorporated.

We were satisfied that the Application document and accompanying materials were consistent with good practice and appropriately considered probity matters.

Managing communications



Our expectations

Prospective sponsors should be treated equitably. They should receive all relevant information about the application concurrently and have the same opportunity to clarify the process or requirements.

We expect there to be a clear process to issue updates to the market, and for prospective sponsors to raise questions to clarify your requirements or aspects of the application process. We expect this process to be well controlled through a single point of contact. We expect any verbal communication (such as meetings with prospective sponsors) to be equitable and appropriately documented. We expect confidentiality to be maintained and individual sponsors' intellectual property to be protected.

Our findings

Notices to Sponsors

The Application document nominated a single point of contact for all communications related to the application process. All communications were managed through the communications function on GETS and a dedicated Ministry email address. Having two routes for queries to be raised introduces complexity and is a potential source of risk to the equitable distribution of information. It is good practice to have a single point of contact for queries or clarifications, as it helps control communication and ensures accountability. We cannot confirm that no substantive clarification questions were raised "in confidence" since we did not have direct access to the Ministry's dedicated email box. However, the Ministry informed us that all questions were answered on GETS through

formal Notices to Sponsors or the GETS Question and Answer function. We also reviewed the GETS report after the stage one application process closed and found no probity issues.

The Ministry advised potential sponsors on 25 July that they were experiencing delays in responding to questions asked by sponsors. As a result, the Ministry continued to respond to questions until 8 August, which was five working days after the date stated in the Application and one day before the closing date for applications. We discussed the risk associated with the Ministry responding to questions so close to the closing date for applications. The Ministry acknowledged the risk, noted some of the challenges they faced, and were of the view that the impact on sponsors was likely minor.

Sponsor briefing and drop-in Question and Answer sessions

Potential sponsors were instructed to use a dedicated email to receive a link to the online sponsor briefing. On 18 July, the Ministry conducted an online briefing for potential sponsors following the release of the application documents. This briefing adhered to a script that clarified the application requirements and the assessment process. We attended the briefing, which was well managed and free from probity risks.

The Ministry offered potential sponsors additional opportunities to ask questions through pre-arranged drop-in Question and Answer sessions, which were held on 22, 23 and 25 July. We attended these sessions, which were well managed and free from probity risks. The questions and answers from the sponsor briefing, along with the drop-in Question and Answer sessions and the briefing transcript, were made available through GETS. We reviewed these retrospectively when they were released on GETS. No probity concerns were noted.

We discussed the risk that the Ministry had not yet completed planning for stage two of the application process and was still finalising policy work while progressing stage one. This ongoing policy work led to several questions from sponsors, creating uncertainty for them in how to respond. Ongoing policy work at the time included decisions on funding rates for different non-Ministry-owned property arrangements, sponsors with multiple campuses, distance learning and funding for these distance learning charter schools. The Ministry acknowledged these risks and addressed them to some extent by being transparent with potential sponsors about areas where policy decisions were still pending. The Ministry also released fact sheets with as much information as was available at the time and informed sponsors that they were still finalising the details of stage two. The Ministry also advised potential sponsors that there would be future rounds of applications, which would be announced through the Charter School Agency website and other relevant channels. We were satisfied that the Ministry took appropriate steps to manage the risk associated with not yet completing the planning for stage two of the application process and still finalising policy work for the Charter Schools | Kura Hourua model. Although some residual perception risk may remain, we consider this risk to be low.

Other communication

On 8 August the Ministry reminded sponsors about the closing date for the stage one application process.

During the sponsor briefing, the Ministry informed sponsors that they could contact the Charter School Agency for one-on-one meetings to discuss matters specific to their applications. We discussed the potential risks of this approach with the Ministry. The Ministry recognised the risk but believed that the nature of the application process meant the benefits of this approach outweighed the associated risks. The Ministry also developed a process to manage these risks. To ensure all relevant information was available to all applicants, the Ministry maintained a meeting tracker and confirmed that the procurement team stayed in close contact with the Charter School Agency representatives offering one-on-one meetings. The Charter School Agency representatives were aware of the need to keep the procurement team informed of any meeting requests. A member of the procurement team managed the conversation with the Sponsor, with participation from the Charter School Agency representatives if needed. The Ministry confirmed that any information shared at these meetings would be shared with all sponsors via GETS. We did not attend any meetings between the Charter School Agency and potential sponsors.

We are satisfied that the Ministry had appropriate processes in place to manage the risk of communicating with sponsors outside the dedicated communication channels. Although some residual perception risk may remain, we consider this risk to be low.

We were satisfied that the management of communications was robust.

We were satisfied that the Ministry took appropriate steps to manage the risk associated with not yet completing the planning for stage two of the application process and still finalising policy work. Although some residual perception risk may remain, we consider this risk to be low.

We were also satisfied that the Ministry had appropriate processes in place to manage the risk of communicating with sponsors outside the dedicated communication channels. Although some residual perception risk may remain, we consider this risk to be low.

We acknowledge the challenges and time constraints the Ministry faced in responding to sponsor questions in a timely manner, as well as their view that the impact on sponsors was likely minimal. However, there may still be some residual perception risk, which we consider to be low.

Closing of submissions



Our expectations

Prospective sponsors should have the same opportunity to respond to the application and be treated equitably. Submission requirements should be consistently applied.

We expect a formal submission close with a record kept of those responses received by the deadline. We expect a robust process to check that deadlines were met, and any conditions of submission have been complied with before responses are accepted for assessment.

Our findings

The Ministry utilised the GETS portal for receiving and assessing application submissions. The portal automatically closed access for sponsors at the specified time in the Application (12pm on 9 August). A total of 81 responses were received. Despite the Application specifying that only responses submitted via GETS would be accepted, the Ministry received six responses via email and four via both email and GETS. Five of the six email responses were late but were accepted. One email response was later withdrawn due to a conflict of interest risk.

Late responses

Responses were mostly received through GETS, the dedicated channel for this purpose. However, six responses were received by email and accepted by the Ministry. Two sponsors who submitted responses by email were granted an extension by the Charter School Agency Executive Director. In one case, the Ministry acknowledged a communication breakdown and accepted the Applicant's submission eight days late. In the second case, the Sponsor misunderstood the closing date and submitted four days late. The acceptance of these late submissions carries some probity risk, which the Ministry has accepted.

Of the remaining four responses received by email, two were marginally late, which was deemed acceptable. One late email response was received significantly later on 9 August, but the Sponsor indicated they had attempted to contact the Ministry half an hour after the closing time due to technical difficulties. The acceptance of these late responses carries some probity risk, but it is considered low.

The remaining response received by email was later withdrawn (on 21 August) due to a significant conflict of interest.

Compliance checking

The Ministry prepared an Application Submission Log (Log) to record responses received. A total of 89 responses were received and 78 were progressed for assessment. The Log was reviewed by the Chief Advisor (dated 26 August).

We reviewed both the Log and the GETS report retrospectively (received on 26 August). The Log was customised to meet the Application requirements, including pre-conditions. The Log served as a

working document, where the Ministry recorded their initial checking against Application requirements and actions taken to resolve non-compliant responses. In total, follow up action was taken for 37 applications. The Ministry did not consider the non-compliance issues significant enough to reject an application. The actions taken to resolve incomplete information on applications carried some probity risk, but it was considered low. Two applications were found non-compliant and were not progressed for assessment.

Due to time constraints during the assessment stage, as compliance matters were resolved, applications were uploaded into secured folders for assessors and SMEs. Some issues were resolved up to the first day of the two-day assessment hui, where all applications were discussed and scored. Consequently, the Log was not updated to reflect the final status of all applications but did indicate that all applications were transferred into secured folders for assessment. The outcome of the compliance checking was included in the Stage one Recommendation Report.

Of the 89 responses received, nine were duplicates and excluded, and two were considered non-compliant, but forwarded to the Charter School Agency for further consideration. The remaining 78 (including the two late applications awarded extensions) were ultimately confirmed as compliant and sent to assessors and SMEs for individual assessment. The status of applications received was confirmed at the start of the assessment hui.

We were satisfied that the process for the closing of application submissions was robust.

The acceptance of late responses carries some probity risk, which the Ministry has accepted.

Actions taken to address incomplete information on applications carries some probity risk, but this risk is considered to be low.

Assessment of submissions



Our expectations

The assessment process must be undertaken impartially and fairly, in a manner consistent with the application planning and the information provided to prospective sponsors.

We expect there to be a planned approach to assessing submissions that is followed in practice. We expect assessors to be briefed on their roles and responsibilities (including making sure judgements are evidence based, confining assessment to the submitted responses, acting impartially and with integrity). We expect clarification to be sought where it is needed to ensure a fully informed assessment process. This might include presentations, demonstrations, or a site visit.

We expect the results of the assessment to be documented in a timely manner and approved by the assessment panel.

Our findings

Planning

We reviewed the draft assessment guidelines (received on 5 August) and provided feedback to the Ministry. The final assessment guidelines aligned with the Application, and our feedback was largely addressed. One matter that remained outstanding was the way in which the criteria weighting would be implemented and would affect application rating recommendations. This matter was finalised before the assessment hui and verbally approved by the [REDACTED]

One change from the Application Plan was that SMEs were not included as scoring members of the assessment panel. This change significantly reduced the number of scoring members on the assessment panel compared to what was initially planned. A further change to the panel's composition was the inclusion of the recently appointed Charter School Agency Chief Executive as a scoring panel member. These changes were documented in the Assessment Guidelines. One later change from the Assessment Guidelines was the removal of one SME. The day before the assessment hui, the Executive Director of the Charter School Agency stepped down from the assessment panel. The Ministry later confirmed, both verbally at the time and formally on 27 August, that this was an operational decision. Consequently, the assessment panel included only two scoring assessors. Evaluation panels typically comprise more than two members in order to ensure there is a range of insight and expertise available; that no one member has significant influence; and that decision-making is collective rather than attributable to a small number of individuals. The Ministry was confident that, despite the panel's small size, it included the appropriate individuals and would significantly rely on input from SMEs as part of the broader assessment panel.

The dual role of the Charter School Agency, which accounted for two of the three assessment panel members, was previously discussed in the section on *Planning the Stage one Application process*.

The assessment guidelines and assessor workbooks, together with the application documents, ensured that assessors and SMEs understood their roles, responsibilities, assessment criteria, and rating mechanism. The Charter School Agency Executive Director approved the Assessment Guidelines on 9 August.

On 13 August, we attended the assessment panel briefing, which included all individuals involved in the assessment stage. One SME was absent and was briefed separately by the [REDACTED]. The Assessment Guidelines served as the foundation for the briefing. The purpose of the briefing was to clarify assessors' responsibilities and the assessment methodology. Conducting such a briefing for the assessment panel is consistent with good practice.

The stage one application assessment process used a weighted attribute method. The process did not follow a two-envelope process and financial sustainability was a criterion within the Business Plan criteria.

Individual assessment and assessment hui (the moderation meeting)

Between 15 August and 22 August, scoring assessors and SMEs individually reviewed applications. In line with the Assessment Guidelines, they did not score the applications individually. Instead, their comments were compiled to aid the assessment panel's review and rating process. Due to the high volume of applications and time constraints, the panel scored applications at a criteria level rather than a sub-criteria level. Although this deviated from the Assessment Guidelines, discussions still occurred at the sub-criteria level, with commentary recorded to provide detailed feedback to applicants and support criteria scoring. We believe the probity risk associated with this change is low.

On 23 and 24 August, we attended the assessment hui to observe the application of the assessment methodology. During this meeting, the broader assessment panel, including SMEs, discussed each application, and the scoring assessors reached an overall consensus rating for each criterion, with agreement from the broader panel. We observed the assessment panel collaborating well to discuss and reach consensus on each application. During the hui, the Chair of the assessment panel was called away to attend to urgent matters. All applications discussed in the Chair's absence were reviewed with her separately by the [REDACTED] upon [REDACTED] return. Any applications where there was a differing view from the broader panel were re-discussed and re-rated as needed.

The assessment panel categorised applications into four categories: viable, potentially viable, not viable, and could not be rated (for various reasons). Four applications initially considered compliant were deemed non-compliant at the assessment hui for various reasons and not rated.

The consensus ratings of the assessment panel were confirmed by all members of the broader assessment panel.

We were satisfied that our feedback had been considered in finalising the Assessment Guidelines.

We were satisfied with the appropriate and consistent application of the assessment methodology.

Reporting and contracting



Our expectations

We expect you to be open and accountable for your assessment decisions. We expect all key decisions made during the process to be appropriately justified and documented.

We expect a written report supporting the recommendations arising from the assessment process. This report should provide sufficient detail for the reader to understand all material considerations. We expect the recommendation(s) to progress to stage two of the application process to be in line with the result of the assessment process or a clearly articulated explanation for any change.

We expect approvals to be in line with delegated financial authorities. We expect clear and timely communication with successful and unsuccessful Sponsors. We expect unsuccessful Sponsors to be offered a debrief opportunity so that they can learn from the experience.

Our findings

We reviewed the draft Recommendation Report (received on 29 August). We provided feedback to the Ministry to improve the report’s content related to the assessment process, and broader application process. On 30 August we received a revised draft Recommendation Report that addressed our feedback.

We are satisfied that the report accurately reflects the events we observed during the stage one application process, including the assessment hui. The report will be approved by the Chair of the assessment panel and endorsed by the broader assessment panel.

We were satisfied that the Recommendation Report was consistent with our observations of the assessment process.

Queries



Our expectations

We expect you to have appropriate processes in place to receive and investigate any complaints about the process, independently of the procurement team that managed the process. We expect any investigation to be appropriately documented and the results communicated in a timely manner to the complainant.

Our findings

To date, we are not aware of any complaints about this stage one application process, and no participants have raised any probity issues with us.

Appendix 1: Scope and expectations



The scope and approach to our review was set out in our arrangements letter, which was accepted by the [REDACTED] on 24 May 2024.

This report covers the Stage One of the Application process.

Our services were designed to provide assurance over the key probity and process risks for the procurement. We also considered compliance with the Government Procurement Rules and Ministry policies and processes.

Audit New Zealand is a business unit of the Controller and Auditor-General. This assurance is provided in accordance with Section 17 of the Public Audit Act 2001. It complies with the Auditor-General's Standard 7: Other Auditing Services (AG-7).

What our work did not include

Our assurance review did not include:

- assurance over the outcome of the stage one application process (this is the role of the assessment panel and the Ministry's approving authority, in this case the Charter School Agency)
- assurance over risks from conflicts of interest at senior executive/approving authority level. We did not review declarations from those making the final decision.
- assurance over pre-engagement with the market or communication between the Charter School Agency and potential sponsors during the application process. We did however discuss these activities with the Ministry to identify any possible probity risks that may affect the future process.
- assurance over the process followed by the Charter School Agency and the Charter Schools | Kura Hourua Establishment Board in relation to Charter Schools | Kura Hourua.

An assurance review of this kind helps an entity understand the risks it faces and assists it to manage those risks, but it does not remove the responsibility of the entity itself for ensuring that its actions comply with all relevant legal and other standards.

Our expectations

This report is based on the expectation that the Ministry:

- provided all information that we requested;
- made available all information that was in its possession and relevant to our engagement; and
- advised us of any circumstances that may have been material and significant in relation to our work.

Appendix 2: Good practice guidance and policy



In addition to our internally developed methodologies for reviewing procurement processes, which provide the guiding principles for this process, our primary references for good practice for this process review were:

- Government Procurement Rules 4th edition (Ministry of Business Innovation and Employment, 2019).
- Procurement guidance for public entities (Office of the Auditor-General, 2008).
- Public sector purchases, grants, and gifts: Managing funding arrangements with external parties (Office of the Auditor-General, 2008).
- Managing conflicts of interest: A guide for the public sector (Office of the Auditor-General, 2020).

Appendix 3: Other assurance services

This is an independent assurance report.

Audit New Zealand's independent assurance services include:

Procurement

Procurement processes must be robust and fair to all the parties involved, such as contractors, consultants, and purchasers. They must meet the standards for good practice expected of public entities. Our team can provide an invaluable independent review of public entities' processes and procedures.

Contract management

Whether public entities are handling a major supply contract or a small professional services contract, good practice is essential. Our team can review contracting practices and provide independent insights.

Probity and integrity

Integrity is about honesty and adherence to strong ethical principles. Whenever a public entity spends money, this must meet standards of probity that will allow it to withstand parliamentary and public scrutiny. With extensive knowledge of the public sector, we are well positioned to provide assurance about probity risks, carry out integrity audits and conflict of interest inquiries.

Managing assets

Public services rely on a diverse portfolio of assets to support service delivery. Managing assets well will result in an organisation reducing risks and getting better value for money. Public entities will want effective plans for managing their assets effectively and efficiently. Our specialists have wide experience in reviewing asset management and can provide assurance on planning.

Portfolio, programme, and project management

Portfolio management is about delivering strategically important change. It balances investment in running the organisation (business as usual) with changing the organisation. Delivering programmes and projects paid for by the public carries risk. Public entities are responsible for outcomes, and that public funds are used effectively and efficiently. Our team can provide independent assurance that these entities are managing their portfolio, programmes, or projects to good practice standards.

Managing risks

Identifying, analysing, and managing or mitigating risk is integral to the reputation of a public entity and vital for ensuring objectives are met. All public entities need systems to avoid conflicts of interest and to adhere to professional accounting, legal, and financial standards. Public entities need to show that they have appropriate quality assurance, external review, and training for managing risks. Our specialists can provide assurance for public entities' that their risk management practices meet applicable standards.

Governance

Getting governance right is vital to protect and enhance the performance of a public entity. Good governance contributes to an open, fair, and transparent public sector. Effective governance of change programmes and projects is important for their success. Our team has wide experience identifying where governance works well and where improvements can be made.

Sensitive spending

Some spending of public money is particularly sensitive. An example is spending that provides some form of private benefit to an individual – for example, spending on travel, accommodation, and hospitality. A public entity might need to spend money on something considered unusual for that organisation’s purpose and/or functions. A public entity’s sensitive spending needs to stand up to the scrutiny of Parliament and the public. With extensive knowledge of the public sector, our team is well positioned to provide public entities with assurance about sensitive spending.

Managing performance

Managing performance effectively is critical to the success of a well-run public entity. Managing performance well should provide managers with the information that they need to make decisions, help to guide and manage staff, and provide information to stakeholders and the public about the services that a public entity provides. Our specialists’ thorough understanding of best practice means that they can provide quality assurance for public entities’ performance reporting.

Some useful resources

What good looks like:

Procurement

Contract management

Integrity

Probity

Managing conflicts of interest

Asset management

Project management

Portfolio, programme, and project management

Governance

Risk management

Other resources:

<https://auditnz.parliament.nz/resources>

Contact us:

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