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8 November 2024

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Tēnā koe [REDACTED]

**Final report on our assurance review of the applications process to establish Charter Schools | Kura Hourua**

Attached is our final 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 the [REDACTED] of Te  
Tāhuhu o te Mātauranga –  
Ministry of Education

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

November 2024

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## Conclusion

*We reviewed 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 as a whole 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:

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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 (the 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 worked with the Ministry of Education on key decisions relating to the initial establishment of the charter school model.

The Charter School | Kura Hourua Authorisation Board (the Authorisation Board) was established as an independent statutory board, with its functions and powers defined by legislation. The Associate Education Minister announced the Authorisation Board’s establishment on 27 September. The Authorisation Board is 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 charter schools will be made by the Authorisation Board.

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 second stage of the application process and concludes on the process as a whole. Our interim report (dated 10 September 2024) covered the first stage of the application process.

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.

The Ministry is hosting and managing the application process on behalf of the Charter School Agency.

## Summary of work completed

This report sets out our findings and conclusion on the second stage of the application process for sponsors applying to establish charter schools. It follows our interim report of 10 September which covered the first stage. 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.

### Concluding stage one of the Application process



Our interim report dated 10 September covered the first stage up to the provisional identification and recommendation of a shortlist of applications selected to participate in the second stage.

Subsequent to the issue of this report:

- The Chair of the Assessment Panel, who is also the Chief Executive of the Charter School Agency, presented recommendations to the Establishment Board. The Establishment Board met on 5 and 6 September, before the Authorisation Board was established, to review these recommendations.

We did not attend the Establishment Board meetings and offer no assurance over the decisions made by the Establishment Board (to be ratified by the Authorisation Board) as it was outside the scope of our assurance services. The Establishment Board recommended twenty changes to the Assessment Panel's recommendations on which applications should progress to stage two. On 22 October, we retrospectively reviewed the draft minutes from the Establishment Board meetings and noted that, in all cases, commentary was provided to support the changes made. We discussed the potential risk of a challenge to the integrity of the process if the Establishment Board's decisions (to be ratified by the Authorisation Board) or the Authorisation Board's decisions overturned recommendations that were

based on the evaluation criteria. However, as decision-makers, we recognise that the Board(s) have discretion. We expect such discretion to be exercised in the context of public law obligations to be fair and maintain probity. To meet the principle of accountability we expect decisions to have a sound, well documented rationale based on reasonable factors outlined in the Application Plan, policy decisions or legislation<sup>1</sup> for sponsor approval. As of this report, the ratification of the Establishment Board's provisional decisions had not been formally recorded.

- Between 11 and 12 September, sponsors were formally notified that their applications were either provisionally selected to advance to the next stage (stage two) in the application process or what the next steps were for their applications. Provisional acceptance meant that the Charter School Agency would be recommending to the Authorisation Board, when established, that the application should advance to the next stage. On 26 September we retrospectively reviewed the letter templates used for communicating the provisional outcomes from stage one. We also received a log indicating which templates were sent to which applicants. We did not review the actual letters that were sent. No probity risks were noted.

As of this report, formal letters confirming the stage one decisions had not yet been sent. This reflects the uncertainty observed in the process relating to the establishment of the Authorisation Board. It is good practice to ensure that each stage of a process is concluded with certainty before moving onto the next. In this instance, it is unlikely to pose a probity risk, as the Authorisation Board is expected to simply ratify the decisions made by the Establishment Board without proposing any changes.

- On 16 October, we received the feedback sent to applicants who requested it from stage one. Fourteen applicants requested feedback; thirteen received written responses (via email), and one received feedback in person upon request. Written feedback was consistently provided in a timely manner, in most cases within two days and in one case it was five days later. We consider the later feedback an exception and the Ministry apologised for the delay.

## Planning Stage two of the 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.

<sup>1</sup> Factors that the Authorisation Board is required to take into consideration are included in sections 212I and 212J of the Education and Training Amendment Act, 2024.

## Our findings

The Ministry documented its detailed approach to stage two of the application process in the Stage Two Application Plan. The Stage One Application Plan included an indicative end-to-end process, that was agreed. We were satisfied that there were no significant changes in the detailed planning of the second stage compared to the indicative end-to-end process described in the Stage One Application Plan.

The Stage One Application Plan acknowledged that, until the independent Authorisation Board was established by legislation, the Charter School Agency was responsible for assessing the viability of applications in stage one. Once the Authorisation Board was established on 27 September, it was set to ratify the provisional decisions made by the Establishment Board (which then became the Authorisation Board) regarding which applications would advance to stage two.

We reviewed the Ministry's Stage Two Application Plan (received on 28 August 2024) and provided feedback. On 11 September, we received the final approved Stage Two Application Plan which addressed our feedback. The Stage Two Application Plan was approved by the Chief Executive of the Charter School Agency on 10 September. The content of the Stage Two Application Plan was consistent with good practice and adequately documented the key planning decisions to inform the stage two application process.

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

## 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). Those declarations were relevant to this process as many of the same people were involved in both



processes. At that time, there were no conflicts declared that were relevant to stage two of the 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 two applications. We reviewed all conflict of interest declarations.

As well as Ministry and Charter School Agency staff and advisers, conflict of interest declarations were also required from sponsors alongside their applications. One sponsor declared a conflict of interest in two of their applications. The Ministry judged this and concluded that these 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 Two Application requirements.

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

## Stage two 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 Stage Two Application documents (received on 6 September). On the same day the Chief Executive of the Charter School Agency approved the release of these documents to shortlisted applicants from stage one. The content of these documents was consistent with the Stage Two Application Plan.

The final Stage Two Application documents, downloaded from GETS on 11 September, adhered to good practice. We were satisfied that they provided sufficient information for sponsors to respond.

*We were satisfied that the Stage Two Application documents 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**

#### *Applicant briefing*

Potential sponsors received a link to the online briefing in the application documents. On 17 September, the Ministry conducted the online briefing. We reviewed the presentation, which clarified the application requirements and the assessment process. We attended the briefing, which was well managed and free from probity risks. The presentation, a transcript of the briefing, and questions and responses from the briefing were uploaded to GETS on 19 September.

#### *Support for sponsors*

On 23 September, the Ministry informed applicants about the additional support available to them in stage two from the Support Entities.

#### *Notifications for Applicants*

A single point of contact was nominated for all communications, intending for this to be managed through the GETS communications function. However, applicants also reached out to the Ministry via email. The Ministry maintained a question tracker for all queries and responses.

We retrospectively reviewed the tracker and found that some responses were provided directly to applicants and not shared with all applicants via GETS. It is generally advisable for all communication to be made available openly to all unless there is good reason to maintain confidentiality. This helps

support principles of openness, fairness, and accountability. However, after reviewing the direct responses, we were satisfied that they were appropriate, and the above principles were not breached. No probity issues were noted.

Given the high volume of questions received while the application documents were in the market, and the challenges the Ministry faced in responding promptly, it continued addressing questions until 9 October, one day before the closing date. Answering questions late in an application process can be a probity issue as it does not give interested parties enough time to respond to the answers in their applications. The same risk had occurred in stage one. The Ministry acknowledge this but considered it likely to have only a minor impact on sponsors.

While the stage two application process was open, there were several decisions and ongoing work relating to the operation of the charter school model that was completed. This created some uncertainty for sponsors in how they should factor this into their responses and led to several questions. For example, the performance management framework was announced, and updates were made to application measures and targets. Decisions on reporting educational achievement were still uncertain. Support entities were being set up and sponsors could not access support immediately. The draft contract was not released to sponsors during stage two, as had been planned to allow the newly established Authorisation Board time to review it. The contract will only be shared with applicants approved by the Authorisation Board.

The Ministry acknowledged the risk with this change and uncertainty. It addressed concerns by being transparent with sponsors and releasing information as soon as it became available. We were satisfied that the Ministry took appropriate steps to manage the risk associated with not completing all the operational work for the Charter Schools | Kura Hourua model, some of which informed stage two of the application process. However, there may still be some residual perception risk, which we consider to be low.

On 10 October the Ministry reminded sponsors about the closing date for the stage two application process.

*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 all operational work. 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 11 October). A total of 33 responses were received. Despite the Application specifying that only responses submitted via GETS would be accepted, the Ministry received two responses via email. One of the email responses was marginally late, which was deemed acceptable. Two invited applicants did not submit a response.

The Ministry prepared an Application Submission Log (Log) to record responses received. All 33 were progressed for assessment. The Log was reviewed by the [REDACTED] (dated 14 October).

We reviewed both the Log and the GETS report retrospectively (received on 16 October). The Log was tailored to meet the Application requirements. The Ministry recorded their initial checking against Application requirements and actions taken to resolve any compliance matters. In total, follow up action was taken for four applications. The Ministry did not consider the non-compliance matters significant enough to reject an application. The actions taken carried some probity risk, but it was considered low.

As compliance matters were resolved, applications were uploaded into secured folders for assessors and SMEs.

One applicant, who did not submit an application, sent a letter to the Ministry regarding a new partnership arrangement for the establishment of a Charter School. This letter was received after all applications had been assessed. Since this letter was received late in the process, it was not considered for assessment. We are satisfied that the Ministry's actions in this case do not pose a probity risk.

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

*Actions taken to address compliance matters on applications carry 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 retrospectively reviewed the final Assessment Guidelines (received on 14 October). The Guidelines aligned with the Application documents provided to sponsors and the Stage Two Application Plan. Two assessment panel members, initially unconfirmed when the Application Plan was developed, were later confirmed and included in the Assessment Guidelines.

The assessment guidelines and assessor workbooks, together with the application documents, ensured that assessors and SMEs were provided with clear and comprehensive materials to help them understand their roles, responsibilities, assessment criteria, and rating mechanism.

On 14 October, we attended the assessment panel briefing, which included all but one individual involved in the assessment stage. The one assessor who was absent 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 two application assessment process used a modified attribute method. Attributes were not weighted. The process did not follow a two-envelope process and financial acuity was a criterion within the Sponsor Capability criteria.

#### *Individual assessment and assessment hui (the moderation meeting)*

Between 14 and 16 October, 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.

On 17 October, 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.

The assessment panel classified applications into two categories: viable and not viable. Some viable applications required further discussion or consideration by the Authorisation Board, while other applications either could not be rated or were considered initially not viable, dependent on certain decisions being made by the Minister before the application could be considered further. There is some probity risk associated with making policy decisions late in the assessment process, which could impact the viability of shortlisted applications given that once applications closed there was no ability for sponsors to address such changes in their applications. The Ministry recognises and accepts this risk.

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

*We were satisfied with the appropriate and consistent application of the assessment methodology. There is some probity risk associated with making policy decisions late in the assessment process, which could impact the viability of shortlisted applications. The Ministry recognises and accepts this risk.*

## 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 Charter Schools | Kura Hourua – Sponsor Applications Stage Two Recommendation Report (received on 30 October). We provided feedback to the Ministry to improve the report's content related to the assessment process. On 1 November we received a revised draft

Charter Schools | Kura Hourua – Sponsor Applications Stage Two Recommendation Report that addressed our feedback.

We are satisfied that the report accurately reflects the events we observed during the stage two application process, including the assessment hui. The report will be approved by the Assessment Panel Chair and the [REDACTED] and endorsed by the broader assessment panel and the [REDACTED].

*We were satisfied that the Charter Schools | Kura Hourua – Sponsor Applications Stage Two 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**

On 23 September, a sponsor laid a formal complaint regarding various issues related to stage one of the application process. The complaint related to the Ministry's role, the evaluators' capability, the quality of the Ministry's response to questions, the evaluation criteria, the sponsor briefing, and the potential impact of these matters on stage two.

On 24 September, the new [REDACTED] at the Charter School Agency formally responded to the complainant by email. The Ministry informed us of the complaint on 26 September.

The Ministry provided us with the complaint, the Charter School Agency's response, and all relevant correspondence between the complainant, the Ministry and the Charter School Agency leading up to the complaint being laid. We discussed the complainant's concerns with the [REDACTED] and reviewed the provided correspondence and the Charter School Agency's response.

In their response, the Charter School Agency clarified the roles of the Ministry, the Charter School Agency, and the Authorisation Board in the application process. This was consistent with our understanding of the respective agency roles up to that point.

The Charter School Agency confirmed that procurement staff were facilitating the application process under the Charter School Agency's direction and were not evaluating applications, which aligned with our understanding. The Charter School Agency confirmed that the composition of the stage one assessment panel, which was consistent with our understanding.

The Charter School Agency confirmed that the evaluation criteria were approved by both the Charter School Agency and the Establishment Board or Ministerial Advisory Group, which was consistent with our understanding.

Our observations and inquiries did not reveal anything to indicate that the application process was not conducted according to the Ministry's planning and in line with good practice. We noted a potential probity risk in the process at the time, and the Ministry accepts this. This relates to the potential risk to the integrity of the process if decision-makers exercise their discretion to overturn assessment panel recommendations without appropriately considering reasonable factors outlined in the Application Plan, policy decisions or legislation, as well as public law obligations to ensure fairness and maintain probity. We offer no assurance regarding the decisions made by the decision-makers, as this was outside the scope of our assurance services.

The Charter School Agency's response to the complainant was consistent with our review of documentation, inquiries, and observations. We did identify that the communication with the complainant during stage one could have been improved. Additionally, we alerted the Ministry to a potential probity risk that could arise in stage two, which would need to be managed to maintain the integrity of the process. This matter was discussed earlier in this report under *Concluding stage one of the Application process*, related to the decisions made by the Authorisation Board.

Probity assurance does not cover the technical requirements developed for the process. Apart from the discussed matter, no other probity issues have been raised with us.

*We were satisfied that the sponsor's complaint was appropriately addressed, and the Charter School Agency's response was consistent with our review of documentation, inquiries we made and our observation of the application process up to that point.*



## 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, as well as the Authorisation Board).
- assurance over risks from conflicts of interest at senior executive/approving authority level. We did not review declarations from those making final decisions.
- assurance over pre-engagement with the market or communication between the Charter School Agency and potential sponsors during the stage one application process. We did however discuss these activities with the Ministry at the time to identify any possible probity risks that may affect the future process.
- assurance over the process followed by the Charter School Agency, the Charter Schools | Kura Hourua Establishment Board, and the Charter Schools | Kura Hourua Authorisation 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 4<sup>th</sup> 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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