

Pro-active release of documents relating to the Joanne Harrison fraud case

The Ministry of Transport takes its responsibilities as a guardian of public money seriously. While respecting the privacy of those inadvertently caught up the offending, we are pro-actively releasing documents relating to the fraud committed by Joanne Harrison, a former senior manager at the Ministry.

These documents show the lies and sophisticated explanations Ms Harrison used to cover up her fraudulent actions. We hope they will help others to identify the kinds of behaviour that fraudsters can use to take advantage of their victims.

Some material has not been pro-actively released, for reasons including that it breaches legal privilege, names innocent third parties, or breaches privacy. This includes a forensic accounting investigation by Deloitte and an employment investigation by Peter Churchman QC.

The material we are releasing does include the names “Elizabeth Williams” and “Mark Sharp”. During the course of enquiries, it became clear these are fictitious people, and no inference should be drawn against any actual people with these names.

The information being released includes a series of key documents that are the most helpful to understanding the case:

- Victim Impact Statement from the Ministry of Transport
- Email and letter to Joanne Harrison from the Ministry setting out concerns
- Audit New Zealand Interim Audit Report

We have also included an example invoice from each of the three fictitious entities relating to the payments made by the Ministry in the course of this fraud.

The Ministry has also released the reports of independent reviews into the Ministry’s financial controls and employment screening processes – which were commissioned following the allegations of fraud – along with the Ministry’s response to these reviews.

Peter Mersi
Chief Executive, Ministry of Transport



26 October 2016

The Sentencing Judge
District Court
MANUKAU

CR12016-404-206 Crown v Joanne HARRISON – Victim Impact Statement

I am the Chief Executive of the Ministry of Transport, which is the government's principal transport adviser.

The Ministry employs over 130 people and has a budget of approximately \$33 million per year. Vote Transport, the government's funding for the transport sector channelled through the Ministry, is over \$4 billion per year. We provide advice to deliver a high performing transport system for New Zealand. We monitor the performance of transport crown entities such as the NZ Transport Agency, the Civil Aviation Authority, Maritime NZ and the Transport Accident Investigation Commission. We strive to achieve value for money from the \$4 billion annual investment in the transport system.

Under the umbrella of these responsibilities, the Ministry works on challenging and significant pieces of public policy that have tangible impacts on the lives of New Zealanders; for example, Auckland's transport congestion, the regulatory environment for transport innovators, aviation security and the reduction of road fatalities.

The public are entitled to have confidence in a government Ministry to do its job well and to hold itself to the highest professional standards. They will not support a Ministry that they do not believe is organisationally sound and secure from fraud.

The offending has had a significant impact on the Ministry's staff and stakeholders and indirectly on all public servants who are accountable for the use of public funds.

In terms of section 17 of the Victims Rights Act 2002, I would respectfully draw the Court's attention to the following matters:

1. Nature of the offending

Harrison's offending was sophisticated, highly manipulative and planned over a five year period.

Between November 2012 and July 2014, Harrison authorised payment of invoices totalling \$227,126.76 to Sharp Design, an entity associated with Harrison. She lied about work that had been provided by this entity.

Between August 2014 and March 2016, Harrison authorised payment of invoices totalling \$499,223.31 to Mazarine Associates and EJW Consultants. These entities were also associated with Harrison and she received the majority of the money paid under these invoices.

¹ www.transport.govt.nz

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Harrison was appointed into a trusted senior management role at the Ministry in 2013 knowing she was abusing, and intending to further abuse, the Ministry. In this role she had oversight of significant funding and she budgeted for the money she stole and approved the invoices across numerous accounts to avoid any one of them standing out. The fraud was calculated and carefully planned.

Harrison was regarded by her peers as highly competent in her senior management role. She leveraged that status to abuse Ministry controls and systems and to manipulate staff to avoid discovery.

From June 2013 Harrison held the position of General Manager, Organisational Development. At the time she was defrauding her employer, she was also driving positive change in the Ministry. Her management approach and successful innovations were positively endorsed by staff and management. Harrison's outward passion and commitment to the Ministry made it appear inconceivable to her colleagues she could be defrauding them.

Harrison's senior status, coupled with her sophisticated and plausible explanations for her breaches of Ministry policies, made it easier to avoid detection of the fraud. There were incidences of some staff raising concerns about Harrison's breaches of procedure. However, judgements were made at the time that her explanations were reasonable for a seemingly fast-paced, hard working, high-performing senior manager.

2. Loss of Property

Harrison stole \$726,386.07 from the Ministry of Transport between 2012 and 2016.

Through the calculated abuse of procurement practices at the Ministry, Harrison awarded contracts to entities that were created for her benefit.

Restraining orders were granted by the High Court on 21 July 2016 pursuant to the Proceeds of Crime Act. These orders related to a house owned by Harrison and her husband (purchased in 2007 for \$537,500) and a bank account [REDACTED]

The Ministry remains committed to recovering all the money and assets associated with this offending.

3. Emotional harm

Like many crimes, corporate fraud leaves behind victims. The Ministry of Transport is an agency made up of professional colleagues who rely on an environment of trust to collaborate and organise their business. No one in the Ministry has been immune from Harrison's fraudulent actions.

Harrison's fraud has undermined the past three years of significant organisational change at the Ministry. As a Tier 2 leader, with responsibility for Organisational Development, Harrison drove much of that cultural change. Given what staff now know to be Harrison's true motivation, some are questioning the value of the development that has occurred. Some are left wondering whether the advances Harrison claimed for the organisation were, in fact, real.

Harrison created a web of deception by bestowing gifts to chosen staff members and work favours to some senior management peers. This behaviour was interpreted as the actions of a caring, supportive senior manager. In a highly calculating manner, Harrison created relationship capital she would later call on to deflect attention from her fraud.

Harrison deliberately undermined senior leadership relationships. She played some leaders off against each other, seeking to sever the bonds of trust amongst her peers, that contributed to conditions of advantage for her fraud.

Harrison has left behind a deep sense of betrayal amongst staff and management at the Ministry of Transport. Staff now recall lies and sophisticated explanations Harrison used to cover up her fraudulent actions. She has left some staff with feelings of shame and humiliation, and for others, self-doubt about their competencies and judgement. Since the discovery of the fraud at least one staff member has left the Ministry citing it as the main reason for departure. Some people who worked closely with her have been in tears on several occasions and feel extremely angry at Harrison.

Ministry staff, especially those who worked closely with Harrison, have faced questions from professional colleagues, both in and outside the Ministry, about what they knew of her fraudulent actions. Staff knew nothing of her fraud but still some have been left feeling "guilty by association", creating a sense of isolation and misplaced shame.

The discovery of Harrison's fraud left staff members in shock. The shock contributed to some relationship break-downs as staff withdrew from one another and reflected on how this could happen in an organisation of high performing people of integrity.

4. Damage to the Ministry's reputation

Harrison's offending has discredited the recent work done by the Ministry to build stronger stakeholder relationships and build the Ministry's reputation as a higher performing ministry.

The Ministry's moral authority, in its governance role with transport crown entities, has been undermined.

New Zealand generally has a "clean" image when it comes to fraud. New Zealand consistently ranks highly in surveys that measure trust in government and effectiveness of systems and processes that deal with fraud. Harrison's offending has dented this clean image and in the process has tarnished the reputation of an important Ministry. Harrison's offending is a violation of a strong code of ethics in New Zealand's public sector. By association, other public servants may have suffered reputational damage.

5. Financial cost

In addition to the actual amount stolen by Harrison, a considerable amount of time and cost has been incurred by the Ministry in relation to this offending. This relates to:

- a) lost staff time while staff investigated the case and assisted the Serious Fraud Office with the prosecution
- b) the ongoing work of recovering the stolen funds
- c) work to review existing systems and processes and make changes to help protect against this type of fraud happening again.

A redirection of effort was required by many Ministry staff, particularly the senior executive team, to manage the aftermath of Harrison's fraud. This was a costly distraction away from other organisational priorities and challenging transport issues.

The Ministry had to engage expert forensic accounting and legal assistance in investigating and uncovering the extent of the fraud. Other external suppliers have been engaged to help manage the aftermath of the fraud as well as to review systems and processes.

Conclusion

Joanne Harrison was a well-paid, trusted senior manager, with loyal staff, peers who respected her and significant public budgets to manage. She used her position of influence and knowledge of the Ministry's systems to deliberately, in a determined and sophisticated manner, defraud her employer over a five-year period.

Right from the beginning of her employment, Harrison knowingly misled the Ministry of Transport. Her numerous acts of deception have led to a situation where nothing that Harrison has done over the past five years can now be taken at face value. In its wake, Harrison's offending has left an organisation in shock and in doubt about its past achievements.

Staff at the Ministry of Transport are motivated to serve the needs of New Zealanders. Like all public servants accountable for public money, they cannot do this in an environment where there is no trust. Harrison's fraudulent actions strained the bonds of trust and collegiality for staff at the Ministry of Transport and they have threatened the integrity of the public service. Harrison didn't just steal from the Ministry of Transport, she stole from all New Zealanders. This was not a victimless crime, nor is it a crime that should be tolerated in the New Zealand public service.

I would be pleased to provide any further information about the impact of this offending on the Ministry and its staff as the Court sees fit.

Yours faithfully



Peter Mersi
Chief Executive

From: Martin Matthews
Sent: Friday, 22 April 2016 5:41 a.m.
To: [REDACTED]
Subject: Employment issues

Dear Jo,

I am writing to inform you of my intention to commence an investigation into serious concerns that have arisen in relation to your employment. These concerns relate to whether you have deliberately and/or negligently failed to comply with procurement and management of contractual relationships. I am also concerned about the extent to which you may have misled your employer about this and other matters.

[REDACTED]

I have decided to investigate these matters more fully. To protect the integrity of that investigation I am taking the precaution of revoking your access to the building and the computer system and securing the filing cabinet from your office. To avoid any doubt I instruct you not to take any action, whether directly or indirectly, to access the building or computer system or your filing cabinet until such time that I am able to meet with you.

Given the sensitive nature of these matters, I propose that a meeting occur somewhere other than the Ministry. I require you to meet with me on Tuesday 26 April at 10.30am, [REDACTED]. At that meeting I will provide you with a letter setting out my concerns in more detail. The purpose of that meeting is not to hear your responses to those concerns but to explain the process I intend to follow and to confirm whether you agree to paid special leave for the duration of the investigation. You would not do any work during such time for the Ministry of Transport or any third party.

If you do not agree to paid special leave I would propose hearing you on whether suspension should occur until the investigation has concluded and on what conditions that would apply. You may if you wish bring a representative to the meeting.

In the interim I instruct you not to contact any employee of the Ministry of Transport, whether directly or indirectly. This includes contact in respect of your work with other people and organisations you have been dealing with in your capacity as a Ministry employee. If you are of the view that you do need to contact someone in relation to your work, please advise me and I will endeavour to facilitate this if appropriate.

Should you have any other questions in the interim please contact me directly.

Yours sincerely,

Martin

Martin Matthews

Chief Executive and Secretary for Transport Ministry of Transport - Te Manatu Waka



Ensuring Our Transport System Helps New Zealand Thrive

Sent with Good (www.good.com)



27 April 2016

Joanne Harrison
General Manager Organisational Development
Ministry of Transport

By email: [REDACTED]

Dear Joanne

Employment investigation

I wrote to you on 22 April 2016 about concerns in relation to your employment. I now set out these concerns in more detail.

Background

On 8 July 2013 you were appointed General Manager Organisational Development ("GMOD") with work commencing 5 August 2013 (with your permanent appointment being confirmed on 30 June 2015). As part of your role you received level 2 financial delegation and you agreed to be conversant with, and abide by, the rules and guidelines for financial delegations. Since that time there have been a number of occasions where you were questioned in relation the exercise of that delegation as well as compliance with procurement and management of supplier contracts.

Sharp-Design and other suppliers

In 2013 it was discovered that there were no contracts for a number of suppliers. When this was brought to your attention you stated in an email of 30 October 2013 that [REDACTED] Sharp-Design and [REDACTED] would no longer be working as part of the OD restructure. You also said that for future contracts you knew what was expected.

In May 2014 preparatory work for the Estimates Select Committee revealed suppliers had been engaged without any apparent contracts specifically:

1. Sharp Design (total spend 2013/2014 \$123,348); and

[REDACTED]

You were asked to forward contracts for these suppliers but none were forthcoming. The money spent also appeared to be odds with you statement in October 2013 that these suppliers would no longer be required from December 2013.

I wrote to you about these matters on 25 August 2014 seeking an explanation as well as an indication of how you would ensure all future procurement would be managed in accordance with Ministry policy and procedure. You responded it was your mistake based on genuine misunderstandings around contracting policy and any related party disclosures. You also said you fully understood the scrutiny and accept you had failed to comply with the policy for contracting. In future you assured me [REDACTED] would oversee the contracting process on your behalf, countersign the invoices and keep a running total of all costs. You made these statements via email on 25 August 2014.

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Less than two months later you were asked to finalise deliverables with Legal in a contract prior to signing with the supplier. This is a requirement of the procurement policy. You signed with the supplier without doing so. Lisa Nickson reminded you it is for the legal team to finalise the contract to ensure everything is in order prior to signing and that the original contract is to be held by Legal. This was explained in an email on 22 October 2014.

In considering these matters at the time, you assured me arrangements were in place to manage future procurement consistent with expectations. I had no information to cause me to question whether services were actually provided, and I was not prepared to bring my trust and confidence in you into question without reasonable evidence.

Mazarine Associates and Elizabeth Williams

I was unaware that on 9 October 2014 you sought approval, in my absence, from Andrew Jackson (Deputy Chief Executive) to continue arrangements with two suppliers (one being Mazarine Associates) that you had engaged without contracts. You also sought to put in place written contracts with them in spite of the procurement policy not being followed and despite your assurances in October 2013 that contracts would be in place in future. At the time Mr Jackson instructed you that in the future every effort was to be made so that contracts were in place following due competitive procedures. A contract with Ms Williams of Mazarine Associates was only located in your filing cabinet last week.

In mid 2015 concerns were raised in relation to Mazarine Associates. Invoices were being received but there did not appear to be any contract on file. There were also concerns that this engagement had occurred without having been registered on the Government Electronic Tenders Service website ("GETS"), a requirement of the procurement policy and the government's mandatory rules of sourcing.

In September 2015 David Bowden (Chief Legal Advisor) raised non-compliance with you and the need for competitive tendering. I understand your response at the time was you thought you were doing the right thing. You noted that future expenditure for this work would likely be above \$100,000 and that now would be an appropriate time to tender for the next stage, as the work with Mazarine was at an appropriate point to finish. It appears that during the earlier engagement with Ms Williams in 2014 you knew expenditure over \$100,000 must be registered through GETS. You demonstrated this knowledge in a document addressed to Ms Williams (although there is no evidence of this document ever being sent).

As above, a copy of a contract with Ms Williams of Mazarine Associates was located in your filing cabinet. This contract is dated 15 October 2014 and states a limit of \$90,000 for work in 2014 and a further \$95,000 work for 2015. This is a multi-year arrangement, which is in conflict with the financial delegation policy which requires the Chief Executive to sign such agreements.

Subsequent to Mr Bowden's discussion with you there was a call for registration of interest arranged through GETS. This was uploaded on 11 September 2015.

As a result of that process you engaged two suppliers, one being Elizabeth Williams and the other being [REDACTED]. While the registration of interest from [REDACTED] is what might be expected of a successful applicant, it is of concern to me that Ms Williams' registration of interest was far from the same standard, and yet she obtained the most favourable assessment. I also note Ms Williams was the same person involved in the Mazarine Associates engagement.

You then entered into two contracts with the suppliers. You are the only Ministry signatory on these contracts, despite the likely value of them being above your financial delegation to sign. The legal team did not see these contracts, nor were the deliverables confirmed with them. The Finance team also should have been aware of the financial components of the contract. These were issues you ought to have been aware of.

In particular the contracts did not state a limit on the fees to be completed by the suppliers as required by the procurement policy and the financial delegation policy.

Compliance memorandum

Every year the Ministry undertakes a compliance survey, a key tool to monitor whether the Ministry is complying with its legal obligations and its procurement procedures. On 4 December 2015 Clif Corbett wrote a memorandum in respect of a compliance survey undertaken in July/September 2015. The memorandum noted there had been a recurrence of contracting non-compliance in your area of Organisational Development. Mr Corbett stated that the actual breach of the GETS requirement was irretrievable and that the issue was not lack of awareness of the procurement policy as this had been discussed previously.

I referred the memorandum to the 14 December 2015 meeting of MLT. The papers were circulated on 11 December. You expressed concern to me about the report. I asked that you work through any parts you thought were inaccurate with Legal. You wrote to Mr Bowden on 11 December 2015 that you were struggling to understand parts of the paper that specifically attack OD over contract documentation. You said this despite your initial assurance to be conversant with relevant policy when you first became GMOD, and the instances identified above where you acknowledged what you had done wrong and that you would rectify matters.

Audit New Zealand and review of invoices

In following up the Ministry's compliance report as part of an interim audit, Audit New Zealand requested copies of invoices in relation to expenditure with suppliers you had engaged. This request was made on 14 April 2016.

It was then brought to my attention that the ongoing invoices from Ms Williams have been paid, signed by you, but not countersigned.

This appears to be in direct conflict with your assurance to me on 25 August 2014 that in future [REDACTED] would oversee the contracting process on your behalf, countersign the invoices and keep a running total of all costs.

The invoices lacked detail and I have real concerns as to what, if any, services have actually been provided.

I asked Audit New Zealand to look more closely at these matters as part of its interim audit and it has since reported to me its interim findings. These include (among others):

1. further expenditure with Sharp Design (\$23,000) and [REDACTED] in the current financial year;
2. a company named Sharp Design cannot be located;
3. inability to identify what Sharp Design expenditure related to;
4. the contract with Mazarine limited to \$90,000 has total spending to date of \$260,000;
5. no formal variation to the contract with Mazarine was made;

6. invoices with Mazarine do not explain what each invoice relates to;
7. a memorandum from you states a contract was signed with Ms Williams of Mazarine in July 2014 but the contract was not signed until October 2014;
8. multi year contracts with Ms Williams of Mazarine were not signed by the Chief Executive as required;
9. the legal team were neither consulted nor received copies of contract; and
10. lack of information or confirmation of the services provided by Ms Williams.

Summary of compliance issues

In summary, the issues arising from your procurement and management of contracts are as follows:

1. no contract existing for Sharp-Design;
2. work with [REDACTED] and Sharp-Design continued when you said it would cease;
3. failure to follow procurement process;
4. no contract existing for Mazarine Associates as at July 2014;
5. why copies of draft contracts were not provided to Legal and Finance for approval;
6. failure to provide Legal with a copy of any completed contract;
7. failure to set limits on expenditure within contracts;
8. entering into multi year contracts;
9. failure to set clear deliverables;
10. whether services were genuinely provided;
11. failure to obtain signatures from parties to contracts; and
12. invoices were not countersigned and records not kept appropriately.

Concerns relating to non compliance

In October 2014 I considered certain matters that had been brought to my attention in relation to your compliance with our policies. As stated above, you assured me arrangements were in place to manage future procurement consistent with expectations. I had no information to cause me to question whether services were actually provided, and was not prepared to bring my trust and confidence in you into question without reasonable evidence. That is no longer the case.

The countersigning of invoices is a fundamental internal control, and one you assured me would be carried out. When balancing the apparent failure to do so with your repeated assurances that you would comply with all relevant policies, I am left in a position where I have to consider whether your non compliance, both in the past and more recently, is deliberate or negligent.

If deliberate, I also need to consider why this is the case, and whether you were misleading your employer as to why you did not comply and/or in making assurances that you would comply in the future.

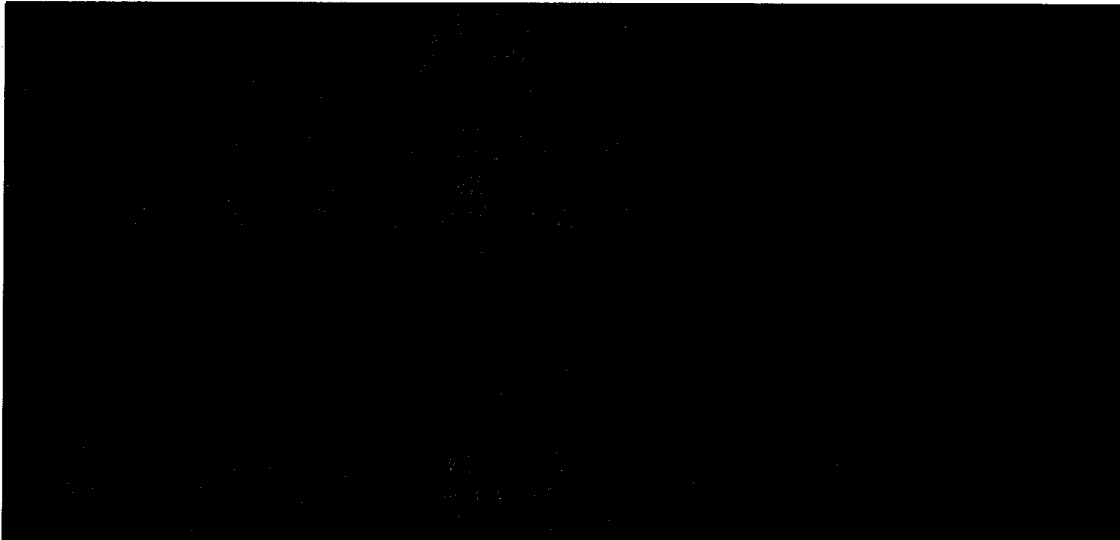
[Redacted]

[Redacted]

[Redacted]

Concerns relating to [Redacted] and Sharp-Design

[Redacted]



I am also concerned that you had family members associated with Sharp-Design but failed to declare this. If this is the case, it would appear to be in conflict with your comments to me on 26 August 2016 that you learned of Sharp-Design through personal referrals from other users/staff members.

Relevant employment obligations

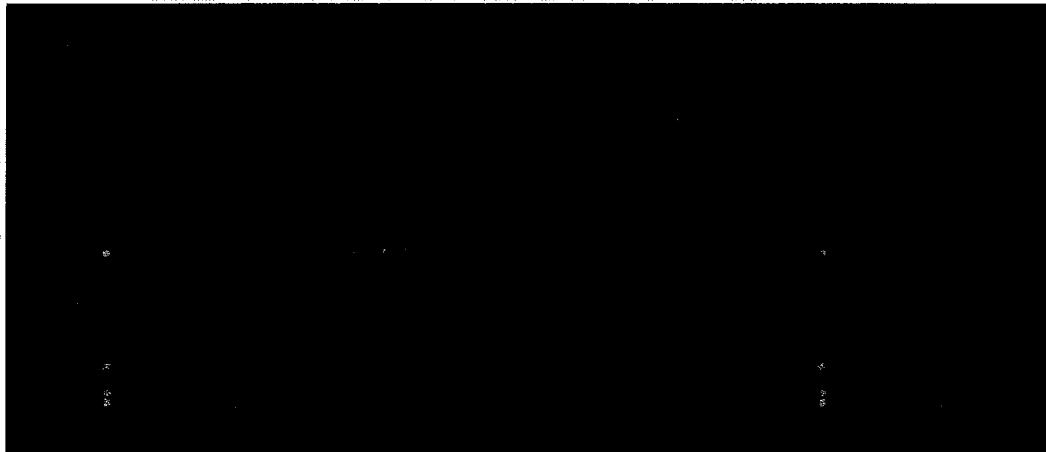
There are a number of employment obligations contained in your employment agreement and policy that I believe are relevant to the above concerns. I have summarised these in the appendix.

Allegations

Accordingly, it is alleged that you may have seriously damaged or destroyed trust and confidence because of one or more of the following allegations:

1. that you deliberately and/or negligently failed to comply with your obligations in respect of procurement of services and/or management of contractual relationships;
2. in relation to whether genuine work has been provided, that in recent times and indeed generally, you failed to properly monitor work provided in that there appears to be little, if any, work particularised or indeed provided, for invoices of not insignificant amounts of money;
3. that you misled your employer (and representatives of your employer) when questioned in respect of non-compliance by making claims such as:
 - a. you did not know what had to be done with respect to work sent out (email of 30 October 2013);
 - b. work from Sharp-Design and [REDACTED] would no longer be required (email of 30 October 2013);
 - c. you would keep relevant persons informed and organise contracts with future providers (email of 30 October 2013);
 - d. you made a mistake based on genuine misunderstandings around contracting policy and any related party disclosures (email of 25 August 2014);

- e. you would make sure [REDACTED] would (email of 25 August 2014);
 - i. oversee the contracting process;
 - ii. countersign invoices; and
 - iii. keep a running total of all costs;
 - f. you signed a contract with Elizabeth Williams of Mazarine Associates in July [2014] (memorandum to Andrew Jackson 12 November 2014);
 - g. in relation to contracts that you were learning something new about this every day (email of 22 October 2014);
4. that you disobeyed reasonable and lawful instructions in respect of:
- a. providing draft contracts to Legal for finalisation (email of 22 October 2014);
 - b. providing final copies of contracts to Legal (22 October 2014);
 - c. ensuring every effort is made in the future for contracts to be in place following competitive procedures (9 October 2014);



8. in relation to Sharp-Design, that you:
- a. abused your position by contracting with Sharp-Design; and/or
 - b. failed to disclose a conflict of interest; and/or
 - c. misled me as to how you learned of Sharp-Design.

It is alleged further that as a result of one or more of the above allegations trust and confidence between myself as your employer and you has been seriously damaged and/or destroyed.

If any of these allegations are substantiated, it may lead to findings against you of misconduct and/or serious misconduct.

The position of GMOD is a crucial one in the organisation. You are a direct report to me and I look to you to provide me with insight and advice on staff within the Ministry, their trustworthiness, ability and suitability for promotion. As such I repose a high level of trust of confidence in you.

Independent investigator

I have arranged Peter Churchman QC to investigate to determine whether the allegations are substantiated. Mr Churchman will meet with you and others, establish

the facts and provide me with a report on this. You are instructed to make yourself available to meet with him and to answer his questions when he meets with you.

You will be provided with terms of reference for the investigation and copies of the relevant information.

I instruct you to assist Mr Churchman by meeting with him and answering his questions.

Possible outcome following independent investigation

Once I have considered Mr Churchman's report I will make a tentative decision as to whether or not any action is needed in the context of your employment. Because of the nature of the concerns, this may include disciplinary action from a warning up to summary dismissal (provided for under clause 28.4 of your employment agreement). However, I will not form a view on any tentative decision until such time that I have been able to consider Mr Churchman's report.

You will also have the opportunity to meet with me and provide feedback as well as anything else you think should be taken into account before I arrive at a final decision.

Proposed suspension/special leave

On 22 April 2016 I offered special leave. [REDACTED]

[REDACTED] However, since the time of writing on 22 April 2016 further information has come to light which has deepened the gravity of the concerns that I have and heightened the need to protect the integrity of the investigation.

In particular I am concerned that Ms Williams has not contacted the Ministry about non-receipt of funds she would have otherwise been paid for the last month and that she has not responded to our efforts to contact her. [REDACTED]

[REDACTED]

More generally the allegations against you relate to compliance with financial delegation and procurement policy, the location of critical documents and information and whether you have misled your employer. I am also concerned about the genuineness of the services invoiced, and the level to which you were aware of this.

I have decided that a separate forensic investigation is necessary and I have arranged Deloitte to carry this out. I require you to meet with the forensic investigator if requested and assist that investigation.

Given the nature and seriousness of the concerns that I have outlined in this letter, I am concerned that the employment relationship between us cannot function effectively while the above allegations are being investigated and that special leave would be inadequate in addressing this. For that reason I am proposing to suspend you.

The right to suspend, with or without pay, where serious misconduct or negligence is being investigated is confirmed under clause 33 of your employment agreement.

While I have not yet formed a view about these matters, I consider the allegations to be serious and am proposing to suspend you on pay, subject to review, for the duration of the investigation.

As part of the conditions of suspension I would propose maintaining the withdrawal of your access to the building, and the computer system and that your filing cabinet would continue to be restricted. This would include continuing to require you not to contact any employee of the Ministry of Transport, whether directly or indirectly. This includes contact in respect of your work with other people and organisations you have been dealing with in your capacity as a Ministry employee. This would also restrict you from making contact with any supplier.



I would like to hear from you on my proposal to suspend you and on the proposed conditions of that suspension. Please provide any comments on these issues by 4pm Thursday 28 April 2016. You may do so by responding in writing to me.

Confidentiality

The issues raised in this letter are serious and must be treated as strictly confidential.

I instruct you not to contact any employee of the Ministry of Transport or contractor, whether directly or indirectly, in respect of these matters. If you are of the view that you do need to contact someone in relation to the investigation, please advise me and I will endeavour to facilitate this if appropriate.

Failure to follow these instructions may result in disciplinary action.

Support and representation

You have the option of access the support of the Employee Assistance Programme (EAP). I also remind you of your right to representation throughout the investigation.



Yours sincerely

Martin Matthews
Chief Executive and Secretary for Transport Ministry of Transport - Te Manatu Waka

APPENDIX – RELEVANT EMPLOYMENT OBLIGATIONS

Individual employment agreement:

- Clause 2.3:
 - Comply with all reasonable directions and policies of the Employer in place from time to time.
 - Comply with the Ministry's Code of Conduct and the State Sector Standards of Integrity and Conduct.
- Clause 27.1 requiring you to comply with the Ministry's Code of Conduct and the State Sector Standards of Integrity and Conduct.
- Clause 27.3:
 - A breach of either the Ministry's Code of Conduct or the State Sector Standards of Integrity and Conduct may result in disciplinary action up to, and including, summary dismissal.
- Clause 37.4 relating to notification of an conflict of interest.
- Clause 42.1 relating to your employer's reliance upon representations made by you during the recruitment process.

State Services Commission Standards of Integrity and Conduct:

- Requiring you to be trustworthy and honest.
- Requiring you to be responsible and act lawfully and objectively; and use resources carefully and only for intended purposes..

Procurement Policy and Procedures Manual

- Full and fair opportunity (page 10).
- Establishing contracts (page 10 and 11) and the need to set out:
 - precise specification of the services or goods that are to be supplied;
 - the duration of the contract; and
 - the price to be paid.
- The requirement for staff to comply with procurement policies and procedures (page 11) including:
 - where the procurement value is \$100,000 or more the Chief Executive must approve the departure prior to the departure taking place (this cannot be due to lack of planning);
 - obtaining at least three written quotations for procurements with total potential values between \$50,000 and \$99,999; and
 - posting all procurements with total potential value of \$100,000 or more on GETS.
- Determining value of contracts (page 12).
- Business ethics (page 13), the Ministry's business ethics and personal interests and relationships (page 14), conflicts of interest (page 15)
- Accountability and keeping records (page 16).
- Obtaining advice on procurement (page 31) – requiring legal checks on proposed procurements.

- Documenting the procurement (page 37 and 53).
- Tender plan (page 39 and 40).
- Open tendering requirement (page 57).
- Arranging for a contract to be drafted (page 61).
- Supplier contract provided to Legal for examination (page 62).
- Filing of signed contract (page 62).
- Responsibilities for contract management (page 63).
- Contract review (page 64).

Financial delegations policy

- 1.1 Background:
 - Staff provided with financial delegations are not permitted to break down purchases into components to keep expenditure within the rules.
- 1.3 One-Up Principal.
- 2.1 Multi year contracts.
- 2.2 The value of a contract.
- 5 Expenditure limits.

File note - Martin Matthews, April 2016

Phone call to [REDACTED] of Audit New Zealand, 4.00pm, 18 April

I called [REDACTED] and spoke with him, along with Fiona and David. I outlined the situation in broad terms, noting that I had become aware of information last week about Jo and that this had given me cause to have concerns about payments she has approved that have limited disclosure. I noted that Audit NZ was already making enquiries about non compliance with our procurement policies because the matter had been raised in our internal compliance report. I noted that, at this stage, I had no evidence of a fraud but am concerned about the level of secrecy associated with payments she has approved, and the limited information or knowledge that others have of the services rendered.

I asked [REDACTED] if Audit NZ could look at these matters as part of their interim audit work this week as it would be helpful for me to know if I have more than a non-compliance issue before I meet Jo next week. I asked [REDACTED] to come back to me on this before the end of the week.

Date: 22 April 2016
Author: [REDACTED]
Subject: Findings arising during our interim audit

During our interim audit we completed our testing in relation to the Ministry's control environment and associated internal controls. This included a review to the Ministry's practices for procurement and expenditure systems.

Although this did not include a complete review of the Ministry's procurement activity, from the work completed we identified a number of areas to raise to the attention of the Chief Executive.

We will be completing our formal interim management reporting to the Ministry soon, however considered it important to raise the areas within this memo to the attention of the Chief Executive prior to our formal reporting and in a timelier manner.

The contents of this memo will also be verbally discussed with the Chief Executive.

Ministry Policy and Practices

The following summarises our understanding of the Ministry's associated policies and practices.

- 1) Procurement: The Ministry requires all employees to adhere to the Government rules of sourcing. This expectation is included in the Ministry's procurement policy.
- 2) Multi-Year Contracts – The Ministry's policy also states that "Expenditure budgets for the Ministry are valid for one year (1 July – 30 June) and multi-year contracts commit the Ministry to out years' expenditure for which no budget authority usually exists. In this case, only the Chief Executive would usually have the authority to sign such a contract, as only they would be deemed to have the authority in relation to out years".
- 3) Contract drafting: The Ministry's policy states "Legal will provide a draft contract to the contract manager. This is to be checked thoroughly to ensure that it meets the requirements. When the draft contract has been settled internally, the draft is sent by the contract manager to the supplier for it to check. Any changes are to be cleared with Legal before being included in the draft. Legal will then provide execution copies of the contract, and provide a blue sign-off sheet. The sign-off sheet must be completed by the appropriate internal signatories before the contract is signed.

A supplier contract is to be provided to Legal for examination before any binding commitment to contract with the supplier is entered into.

When both parties – the Ministry and the supplier – have signed the contract documents they must be sent without delay to Legal for filing in a secure location."

- 4) Variations to procurement contracts are not covered by the Ministry's procurement policy. The Ministry's legal team have informed us that variations to the total cost of a contract are in practice, not permitted. The financial delegations policy states:

"2.3 Variation of a Contract

If an existing contract is varied, the total value of the amended contract should be used to decide the appropriate signatory, not just the value of the increase. This is to prevent transactions being broken up to 'avoid' the delegation policy."

- 5) The mandatory government rules of sourcing also do not allow for a variation approved by the CE exceeding total funds. The applicable rules in this instance are rules 9, 10, 14 and 32.
- 6) The Ministry does not require a formal contract for any procurement below set financial thresholds (\$5,000 for goods; \$2,000 for services), all procurement above these thresholds are expected to have a formal contract.
- 7) Financial Delegations: The Ministry's financial delegations policy states that GMs (Level 2 delegations) can incur operating expenditure of up to 100% of their cost centre's budget. They may also approve contracts for goods or services for up to \$99,999. For any capital expenditure (purchase of furniture and fittings) there is no authority delegated to GMs, so this must be approved through the budgets by the CE.
- 8) None of the DCEs or GMs have the authority to approve expenditure that is for their own benefit. This is managed by the AP staff who will direct invoices to the CE and Manager, Finance rather than to the GMs for approval. The CE approves GM's MasterCard and other expenses and the Manager, Finance approves any GM travel and related expenses. All other expenditure is subject to budget approval.

Interim Audit findings

We raise the following findings for your attention:

Contracts:

- 1) Prior year finding: During the 2014/15 audit we reported to the Ministry an instance of expenditure instigated and approved by the GM (OD), which we were unable to locate a supporting contract for. The vendor was 'Sharp Design'. Concerns in relation to this was also raised by the Ministry's legal team who had not received a copy of the contract as required by the Ministry's policy and practice. We understand that the CE reiterated to the staff member the Ministry's policy expectations. During the current audit (2015/16) we have again identified some similar findings, and these are included in this memo.
- 2) There has been further expenditure incurred with 'Sharp Design' (approx. \$23,000), and also with [REDACTED] during the current financial year, and we have been unable to obtain a copy of the contract with each of these supplier. We have been informed that the contract may be held by the staff member responsible for the contract, but has not been proved to the Ministry's legal or finance teams. This is not consistent with the Ministry's policy and practices. We understand that these examples may have recently been raised with the Ministry's Leadership Team (MLT).

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- 3) Invoices relating to expenditure for 'Sharp Design': We reviewed the expenditure incurred by the Ministry with 'Sharp Design'. We were not able to determine what the expenditure related to as the descriptions on the invoices have been blanked out as part of the approval process. These invoices have been approved by the GM (OD). We have been told by the Manager, Finance that the details were blanked out for confidentiality reasons. The only visible details are on the invoice coding which states 'security contract'. As part of our audit work, and as we were not able to obtain a contract or confirm what the expenditure related to, we have completed a search for the company. We were not able to find any company named 'Sharp Design', corresponding PO Box or physical address that would appear to relate to these transactions.

All the invoices reviewed had been approved by the GM (OD). There is an additional signature on the invoices, however, this is from accounts payable signing to state the invoices have been entered into the AP system, as is normal practice. We were not able to identify any other staff member that was able to inform us of the nature of the expenditure and what it related to. It is considered good practice for there to be more than one staff member involved in all procurement.

- 4) Invoices relating to expenditure for [REDACTED]: The related invoices reviewed have been approved by either the GM (OD) (for [REDACTED]) or other staff within the OD team. [REDACTED]

[REDACTED] We have been unable to obtain the contract for these services. To gain further information on the expenditure, we performed a companies and internet search. [REDACTED] is a registered company, with a company website, that provides publishing. [REDACTED]

- 5) We have confirmed that there was a procurement contract in place with Mazarine Associates Ltd signed in October 2014. The contract was limited to \$90k, however, total spending to date is approximately \$260k.

Approval was sought by memo from the GM (OD) on the 12 November 2014, to the Acting Chief Executive, to exceed the \$90k limit. We have been informed that neither Finance nor Legal were consulted as part of this process.

No variation to the contract was made by the GM (OD) or approved by the Acting CE but no additional contract information has been submitted to Legal.

We were unable to obtain a copy of the original contract as it is not held by Legal, as expected in accordance with the Ministry's policy. The contract was the responsibility of the GM (OD), and we have been informed that it was signed without any consultation with the legal team. We understand that the contract is held by the GM (OD). This is also not consistent with the Ministry's policy or good practice.

We have obtained copies of all invoices relating to Mazarine from the Finance team. All have been approved by the GM (OD). The invoices have varying general descriptions, the majority of which relate to professional services and workshops, however, no further explanation is provided regarding what each invoice is specifically in relation to. Other descriptions refer to the 'LDC project', 'project management services', 'LMS module' and 'CIPD Modular training tool kits'. We were unable to

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obtain any information from staff at the Ministry as to what these relate to, who/how many attended workshops etc. Our expectation is that staff would have been aware of the nature of these costs, but have been informed only the GM (OD) is aware.

Due to the lack of description and being unable to locate a contract, we were unable to determine if these were legitimate expenditure.

- 6) A new secondary contract was signed between the GM (OD) and Elizabeth Williams (EJW) (part of Mazarine) that is believed to relate to the additional expenditure incurred on the Mazarine contract (as noted above). However, we could not locate the contract or variation. In the memo request for additional funding between the GM (OD) and Acting CE, the GM (OD) noted that this contract with EJW was signed in July 2014, however, the original contract with Mazarine was not signed until October 2014, which without the contracts we were unable to reconcile the dates. The Legal team is unsure re: the content of this secondary contract and why it was required as they have not obtained a copy.
- 7) We understand that the contract for EJW was for the 2014/15 & 2015/16 financial years and was signed by the GM (OD). This is not in line with policy as the Chief Executive should sign all contracts for multiple years as per the Procurement policy.
- 8) The legal team were not consulted (or received a copy of the contract) for EJW contract. As sighted in an email transcript between the GM (OD) and Legal, the Mazarine contract was signed without Legal's approval and has not been returned to Legal for filing. This is another example of non-compliance with policy.
- 9) The EJW contact email is not a company (Mazarine) address as would be expected; it is a personal e-mail account.
- 10) We have obtained copies of all invoices relating to EJW from Finance. All invoices have been approved by the GM (OD) only and descriptions state "Professional HR Services" and "workshops". We were unable to obtain any information or confirmation of the professional services or workshops, including when they were held and who attended. We again performed a company register and internet search and Mazarine appears to be a legitimate company, but we were unable to find any trace of an Elizabeth James Williams (EJW).

Outstanding information we have not been able to obtain

- 1) We have not been able to obtain copies of the contracts with [REDACTED] Sharp Design, Mazarine and EJW.
- 2) Documentation to support approval of additional expenditure above the Mazarine contract level.
- 3) Confirmation of the nature and purpose of the expenditure reviewed, where the descriptions are not sufficient. This includes the 'professional services', 'workshops' and where descriptions have been 'blacked out'.

Outstanding conclusions

Due to the outstanding information noted in this memo, we have been unable to conclude on the following:

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- 1) Whether the contracts relating to Mazarine, Sharp Design and [REDACTED] and EJW are legitimate and pertain to the Ministry's business.
- 2) Whether the terms of the Mazarine and EJW contracts entered into are appropriate and have not exposed the Ministry to undue risk.
- 3) Whether expenditure incurred as described on the [REDACTED] Sharp Design, Mazarine and EJW invoices is in line with the respective contracts/requirements of the Ministry.
- 4) What the purpose of the EJW contract is, and how it relates to the Mazarine contract.
- 5) Whether there are other contracts that have not complied with the Ministry's policy and practices.
- 6) Whether the EJW or 'Sharp Design' are legitimate companies.

Evidenced concerns

- The procurement policy doesn't adequately cover contract variations in terms of how they should be processed and approved
- There are several instances where policies/procedures have not been adhered to:
 - Staff other than the CE approving expenditure for multi-year contracts
 - The Legal/finance team not being involved in the drafting and approving of contracts prior to signing
 - Contracts not being returned to Legal once signed by both parties
 - Contracts not being set up with 3rd parties where transactions are above the thresholds set in the procurement policy
- Descriptions on invoices have been blanked out
- Expenditure has exceeded agreed contract levels (Mazarine/EJW) where we have been unable to obtain/sight an explanation or approval
- Contracts are being held by individual staff, and Finance and Legal do not have access to them
- The ComplyWith survey has not been fully completed as required and elements of it have been completed by an inappropriate person.

Recommendations/next steps

The Ministry should:

- Follow up the issues identified to ensure that the Ministry has not been exposed to any undue risk or incurred any unintended or inappropriate expenditure
- Update its procurement policy to ensure it is clear to staff how contract variations should be dealt with and what approval is necessary

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- Ensure all staff adhere to the Ministry's policies and procedures and promptly address any instances of non-compliance
- Actively monitor actual expenditure against budgets/contracts to identify any instances where expenditure is in excess of the agreed level and then take prompt action to address these
- Ensure all contracts are held by the Legal team as required and that relevant staff have access to contracts as appropriate
- We recommend that the Ministry follow up the outstanding information, address the queries we have been unable to obtain information in regards to, and implement improvements to policy and procedures to ensure staff compliance.



To: MLT	MEMORANDUM
From: Clif Corbett	
Date: 4 December 2015	
Through: Martin Matthews, David Bowden	

Subject: Compliance Report: July 2014 – June 2015 Survey

This memorandum reports on the compliance survey undertaken during July/September 2015. The reporting period covered by the survey is 1 July 2014 to 30 June 2015. The survey utilised the ComplyWith survey program.

The conduct of a compliance survey is undertaken to meet the requirement of the Audit Office that there be a mechanism in place for monitoring the Ministry's compliance with its statutory obligations, and to alert management to issues of sub-optimal compliance. Consequently the Audit Office takes a close interest in the results of the survey.

Executive Summary

In general the latest survey shows a continued high level of compliance, and no major issues are apparent from the survey responses.

There are persistent instances of less than full compliance in relation to the timing of decisions on Official Information requests.

There is also widespread uncertainty as to the existence, status or contents of a Ministry Business Continuity Plan.

Conduct of survey

The positions requested to complete the survey are managerial positions. In addition there is one other staff member included in the survey, [REDACTED] on account of his responsibilities for Milford Aerodrome.

Responses were received from all survey recipients apart from Organisational Development (only 17% complete).

An extract report showing compliance level ratings and related comments (but excluding N/A and "Full" ratings) is attached for reference.

The survey –

- (a) covers the legislation that materially applies to the Ministry's operations. In addition to legislation, the survey includes questions in relation to compliance with procurement requirements, and to oversight of the Crown entities,

- (b) is directed at the positions within the Ministry that are considered best placed to answer the questions. Where appropriate, the same questions are directed at more than one position;
- (c) has a pre-set range of available response levels. The possible response levels comprise: N/A; None (0-25% compliant); Low (26-50% compliant), Medium (51-75% compliant); High (76-99% compliant); and Full (100% compliant). Explanatory comments are mandatory for all levels except N/A and Full.

Analysis/discussion of results

(a) *Contract Documentation*

Work commencing before contract signed

- (i) There were 2 reported instances of non-compliance within an overall context of "full" compliance.

(b) *Timing of decisions on Official Information requests*

This relates to the provision of a response within the 20 working day deadline. There continues to be generalised reporting of missed deadlines against an overall "medium" level of compliance. [REDACTED]

(c) *Business Continuity Plan*

Responses generally reveal considerable uncertainty as to the existence or status of a Business Continuity Plan. Some responses assume that there is a BCP in force that is being complied with, while other responses are of the view that a BCP is under development only.

(d) *Copyright*

Responses rate compliance in respect of copyright from "low" to "high", noting reservations regarding presentations using copyright materials.

(e) *OD survey response*

The gap in the survey information that has resulted from the incomplete OD survey is unfortunate as the questions allocated to OD address a very significant proportion of the compliance obligations that apply to the Ministry. Although extra time has been granted to allow for completion, this has not affected the outcome.

Comparison with previous survey results

The item in (b) continues to be the principal area of less than full compliance.

Actions taken subsequent to previous report

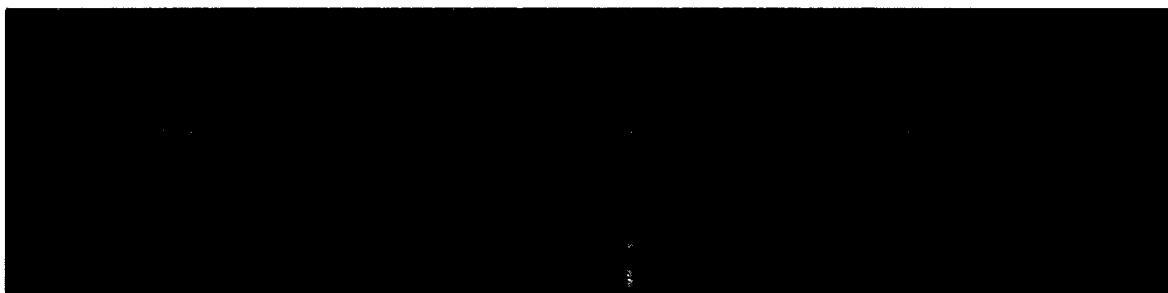
The following actions were taken to address the matters revealed by the previous survey as requiring remedial attention:

- (a) Contract documentation.

(i) A revision of the Procurement Policy that takes account of the new Government Rules of Sourcing has been issued. Another objective of the revision has been to make the Policy more user-friendly and coherent in its presentation. To assist with this, a high-level overview of the Policy has also been placed on the intranet, with links to relevant templates.

(ii) The Organisational Development issue (numerous instances of invoices received and paid in circumstances where no written contracts existed for the services in question) was the subject of discussions at senior management level. Specifically, a recommendation was made that where it is not considered feasible to comply with standard procedures (for example for confidentiality reasons), there be a discussion with the Chief Executive or the Chief Legal Adviser before work commences, and a written record made of the justification for non-compliance. Assurances were given that the proper processes would be observed in future.

(iii) The supplier pro forma contract issue ([REDACTED]) has been addressed through Legal working with relevant staff to encourage them to send signature copies of all minor pro forma supplier contracts to Legal so that they can be recorded in the appropriate databases.



(c) Protected Disclosures.

The intranet protected disclosures guidance was re-issued in February 2015

(d) Copyright:

The intranet copyright policy was re-issued in March 2015.

Proposed actions

The following actions are proposed to address the matters revealed by the latest survey as requiring remedial attention:

(a) *Contract documentation*

There has been a recurrence of contracting non-compliance in the Organisational Development area. This is of concern, especially in the wake of the actions and understandings that resulted from the breaches in 2014. Although action has been taken to restructure the proposed future work into discrete groupings and to apply proper procurement processes to those groupings, the actual breach of the GETS requirements is irretrievable. The issue is not lack of awareness of the existence of the Ministry's procurement policy as this has been discussed previously. Moreover, several staff in OD are well aware of the requirements and follow them routinely. However,

Legal has committed to undertake targeted procurement training to ensure that no-one involved or likely to be involved in procurement is unaware of the requirements.

(b) *Business Continuity Plan*

When the Plan has been updated, it needs to be widely promulgated within the Ministry so that all staff are made aware of their responsibilities and the actions to be taken in the event of the Plan being activated.

(c) *Copyright*

Engagement and Communications have signalled that work is being undertaken to provide full guidance to staff on seeking copyright permission for use of images in presentations and PowerPoints.

(d) *OD survey response*

The number of questions that come within the OD remit is very considerable. Consequently, resource to complete the survey is challenging. To ensure the survey continues to be meaningful, this needs to be addressed. Legal will offer to work with OD to devise some division of labour within OD so that the burden of completing the survey does not fall on any one person

Timing of next survey

The next survey will be in respect of the period 1 July 2015 to 30 June 2016, and will be conducted during July 2016.

Recommendations

It is recommended that –

- | | |
|--|----------|
| • MLT note the contents of this report | Yes / No |
| • The proposed actions be agreed | Yes / No |

Clif Corbett





To: MLT	MEMORANDUM
From: Clif Corbett	
Date: 28 August 2014	
Through: Lisa Nickson	

Subject: Compliance Report: July 2013 – June 2014 Survey

This memorandum reports on the compliance survey that was undertaken during July/August 2014. The reporting period covered by the survey is 1 July 2013 to 30 June 2014. The survey was undertaken using the ComplyWith survey program.

The conduct of a compliance survey is undertaken to meet the requirement of the Audit Office that there be a mechanism in place for monitoring the Ministry's compliance with its statutory obligations, and to alert management to issues of sub-optimal compliance. Consequently the Audit Office takes a close interest in the results of the survey.

Executive Summary

In general the latest survey shows a continued high level of compliance, and no major issues are apparent from the survey responses. However, there is a matter of importance that has emerged outside of compliance survey reporting which is discussed later in this report.

There is a persistent instance of less than full compliance in relation to the timing of decisions on Official Information requests.

Among the other instances of less than full compliance, of note is the erroneous Protected Disclosures Act guidance material on the intranet.

Conduct of survey

The positions requested to complete the survey are managerial positions. In addition there is one other staff member included in the survey – [REDACTED]

Responses were received from all survey recipients apart from [REDACTED] and [REDACTED]. An email reminder was sent to outstanding survey recipients on 30 July, the date before the due date for survey completion.

An extract report showing compliance level ratings and related comments (but excluding N/A and "Full" ratings with no comments) is attached for reference.

The survey –

- (a) covers the legislation that materially applies to the Ministry's operations. In addition to legislation, the survey includes questions in relation to compliance with procurement requirements, and to oversight of the Crown entities;

- (b) is directed at the positions within the Ministry that are considered best placed to answer the questions. Where appropriate, the same questions are directed at more than one position;
- (c) has a pre-set range of available response levels. The possible response levels comprise: N/A; None (0-25% compliant); Low (26-50% compliant); Medium (51-75% compliant); High (76-99% compliant); and Full (100% compliant). Explanatory comments are mandatory for all levels except N/A and Full.

Analysis/discussion of results

(a) *Contract Documentation*

Work commencing before contract signed

There were only 2 reported instances of non-compliance within an overall context of "full" compliance. This was 4 fewer than for the last survey period.

Variations increasing total price to more than the GETS threshold

There was one reported instance of a contract variation taking the contract value over the GETS threshold. This was advised to the Chief Executive and approved in advance, based on the consultant's specialist expertise and project knowledge.

Procurement without written contracts

As a result of Finance scrutinising past payments of invoices, it became apparent (and has since been confirmed) that there have been numerous instances of invoices received and paid in circumstances where no written contracts existed for the services in question. These largely concerned the Organisational Development area and two particular suppliers. The Organisational Development instances are significant because of some individual amounts and the cumulative amount involved. (There were several other invoices from three suppliers in the [REDACTED] area where, in the case of one supplier, supplier pro forma contracts have been used.)

The fact that the compliance survey did not reveal these instances of non-compliance (despite, in the case of the Organisational Development instances, the matter first being raised in October 2013) is of concern. There are questions in the Procurement Policy section of the survey (see page 8 of the attached extract report) that are explicit on the matter of contract documentation and these should have elicited a qualified response.

(b) *Timing of decisions on Official Information requests*

This concerns the provision of a response within the 20 working day deadline. There continues to be generalised reporting of missed deadlines against an overall "high" level of compliance. [REDACTED]

(c) *Annual Procurement Plan*

The previous Mandatory Rules for Procurement by Departments required departments to publish on GETS, by 1 July each year, a rolling Annual Procurement Plan, to be updated at least every six months. The Plan is required to contain a short strategic procurement outlook supported by details of any planned procurement above the

\$100,000 threshold, including the estimated date of publication of a notice of intended procurement on GETS.

With the advent of the new Government Rules of Sourcing on 1 October 2013, the requirements around prospective procurements have been enlarged. In addition to Annual Procurement Plans (the requirements for which remain largely unchanged), agencies are required to submit to MBIE (and update at the beginning of each financial year) a Strategic Procurement Outlook, and an Annual Procurement Forecast.

The Ministry's practice had been to file a pro forma outlook, which advised that the nature of the Ministry's prospective procurements is not sufficiently known in advance to provide details of planned procurements.

In light of the new requirements, the Ministry has revised its approach to ensure that it is fully compliant with the new Rules.

(d) *Protected Disclosures*

The most recent guidance (2009) provided on the intranet is incorrect and inconsistent, and requires correction.

(e) *Holidays Act*

Some sick/bereavement leave entitlements have not been paid within the requisite pay period due to late notification of the leave having been taken.

(f) *Fire Safety and Evacuation of Buildings*

There have been some instances of staff carrying items down the stairwells during fire evacuation drills, posing a hazard to other evacuees.

(g) *Copyright*

An instance has been noted where attribution was not acknowledged on all images/maps used in a presentation given to the Minister.

Comparison with previous survey results

The item in (b) continues to be the principal area of less than full compliance.

Actions taken subsequent to previous report

The following actions were taken to address the matters revealed by the previous survey as requiring remedial attention:

(a) **Contract documentation:**

We have almost completed a revision of the Procurement Policy that takes account of the new Government Rules of Sourcing. Another objective of the revision has been to make the Policy more user-friendly and coherent in its presentation.



[Redacted text]

[Redacted text]

[REDACTED]

(c) Annual Procurement Plan:

Legal and Finance have discussed how the information in the Business Plan of likely procurements can be used to make the Annual Procurement Plan published on GETS more informative. The new Rules also require the regular filing of a Strategic Procurement Outlook and Extended Procurement Forecasts. This collection of filings is being undertaken by Finance.

Proposed actions

The following actions are proposed to address the matters revealed by the latest survey as requiring remedial attention:

(a) Contract documentation

The Organisational Development issue has been the subject of discussions at senior management level. Assurances have been given that the proper processes will be observed in future. Legal is working with [REDACTED] to put in place appropriate template agreements that can be used for the future.

Staff will be exhorted to send signature copies of all minor pro forma supplier contracts to Legal so that they can be recorded in the appropriate databases. All other contracts are to be forwarded to Legal for vetting or drafting, in accordance with the Procurement Policy.

[In the rare circumstance where it is not considered feasible to comply with standard procedures (for example for confidentiality reasons), there should be a policy direction that there must be a discussion with the Chief Executive or the Chief Legal Adviser before work commences, and a written record made of the justification for non-compliance.]

[REDACTED]

(c) Protected Disclosures:

Action is being taken to review the intranet guidance and promulgate a corrected, single-source, version. The inaccurate material has been withdrawn in the meantime.

(d) Copyright:

The copyright policy is about to be updated and re-promulgated on the intranet.

Timing of next survey

The next survey will be in respect of the period 1 July 2014 to 30 June 2015, and will be conducted during July 2015.

Recommendations

It is recommended that –

- MLT note the contents of this report Yes / No
- The proposed actions be agreed Yes / No

Clif Corbett



From: Joanne Harrison
Sent: Monday, 18 August 2014 10:43 a.m.
To: [REDACTED]
Cc: Clif Corbett
Subject: RE: Contracts for Goods and Services in 2013/14

Hi [REDACTED]

These suppliers were engaged for several different projects, most of which were well under \$100k individually so the blue forms were not completed, I did check this at the time. Both suppliers have been discontinued as we have brought the capability in house with 2 graduates.

If you require me to backdate contracts and get signatures I can contact them and organise that.

Regards

Jo

From: [REDACTED]
Sent: Monday, 18 August 2014 10:33 a.m.
To: Joanne Harrison
Cc: Clif Corbett
Subject: Contracts for Goods and Services in 2013/14

Jo,

When preparing the answers in May for the Estimates Select Committee questions we found that some Suppliers had been engaged, but we did not appear to have a contract recorded in the contracts database. Some have since been filed, but we were unable to find copies of contracts for the following Suppliers used in your area.

Sharp Design (Total spend in 2013/14 \$123,348)

[REDACTED]

As procurement is an area that our auditors are likely to cover when they are here in a few weeks time please forward any outstanding contracts to Legal for recording in the Contracts database

Thanks

[REDACTED]

[REDACTED]

From: Joanne Harrison
Sent: Wednesday, 30 October 2013 5:45 p.m.
To: Clif Corbett
Cc: [REDACTED]
Subject: Contracts

Hi Cliff

[REDACTED] has just spoken to me about arranging contracts with various providers, I did not know we had to do this when we sent work out to be done, I thought that we only arranged this when folks were contracted to work inside here with us, so my apologies if anything has been missed in the past.

[REDACTED] will arrange a contract for [REDACTED] for the cover when I am away. [REDACTED] Sharp-Design, [REDACTED] will no longer be working with me as part of our OD restructure includes all of this work being done internally at much less cost, for example with a shared graduate and up skilling the graphic designer and business support roles. They are obviously disappointed with this; one provider in particular has been very cold upon hearing the news! There will be no need to do any contract agreements with all of these providers and potentially one or two more as the restructure takes effect from December 2013, we should become self sufficient!

I will keep you informed and will organise contracts as I engage future providers now I know what is expected.

Regards

Jo

Jo Harrison
General Manager - Organisational Development
Ministry of Transport – Te Manatū Waka

[REDACTED]

Ensuring our transport system helps New Zealand thrive

From: Martin Matthews
Sent: Monday, 1 September 2014 4:52 p.m.
To: Joanne Harrison
Subject: FW: Contracting issues

Hi,

I have just been meeting with Lisa and Clif about the annual Comply With survey. The report on this (which will go to the auditors) will reveal your non-compliance with our procedures was not revealed when the survey was completed. This can presumably be explained on the basis that, as explained by you below, at the time of completing the survey you would not have been aware of the non-compliance. The consequence of this report is however that the matter will be directly drawn to the attention of the auditors who may seek further information about these arrangements than I have asked you to provide me. This has caused me to re-assess whether we may need further information for our records to satisfy potential audit questions about the basis for the arrangements, particularly with Sharp Design.

In your last email to me you suggested I might make direct contact with [REDACTED] and Mark Sharp. I understand from Clif that the Ministry has a long standing relationship with [REDACTED] and that we would have sufficient background information to demonstrate why services would have been procured from them. The same however is not the case with Sharp Design. I have therefore asked Lisa to make contact with Mark Sharp and request if he could provide a profile of the company and other information that we might usefully hold on our files about the nature and extent of their services. This will hopefully satisfy any future questions that may be asked about the basis for the Ministry obtaining the range of services they supplied. It won't address the non-compliance with our procurement procedures, which is simply a matter of fact.

I wanted to let you know directly that I have asked Lisa to follow this up, just in case you had a query from Mark Sharp about the basis for the questions.

Thanks,

Martin

From: Martin Matthews
Sent: Wednesday, 27 August 2014 9:00 a.m.
To: Joanne Harrison
Subject: RE: Contracting issues

Jo,

Thank you for the explanation of the services provided by the two firms, and the circumstances under which they came to be the providers of these. I am satisfied that, on the basis of the explanations given, no further enquiry or action is required in relation to this matter.

Nonetheless, it remains of concern to me that the Ministry's policies and procedures for procurement were not adhered to. These requirements exist to ensure we can demonstrate wise and proper use of the public money entrusted to us. This is something I personally regard as important for the reputation and standing of the Ministry. While I am satisfied your intentions were consistent with the desire to deliver value for money from this spending, the manner in which you procured them has led to the sorts of questions and concerns I have had to raise with you. This could have been avoided if the proper procedures had been followed.

I want to be clear with you that it is my expectation that you will at all times in future comply with Ministry policies and procedures for procurement and contracting of services. I note that you have earlier indicated to me that [REDACTED] will oversee these arrangements on your behalf. I think this is a sensible arrangement. I acknowledge that there may be future circumstances where confidentiality is required, and where it may not be possible to comply with standard procedures. Although this should

be an exceptional situation, where it is required, I would recommend this be discussed with either myself or my Chief Legal Adviser and a written record made of any decisions to not comply with standard procedures.

Jo, thank you for your co-operation and quick response to my enquiries.

Martin

From: Joanne Harrison
Sent: Tuesday, 26 August 2014 6:46 p.m.
To: Martin Matthews
Subject: RE: Contracting issues

Martin

Both organisations I used and the people within them were personal referrals from other users/staff members that had experienced the broker services. They were described to me as relatively small sized firms with vibrant and dynamic staff who delivered a broad range of cost effective services at speed. The relationship management was excellent; the staff that I dealt with were not mid career people, rather they were start ups, young, and very keen to deliver above and beyond what was usually expected. This matched the customer referrals exactly. I am not sure if both have relocated overseas Martin, I do know that some of the grads were taking their work overseas to continue to build their experience and client base.

As well as the obvious work you see around the Ministry there was also a range of content design for literally hundreds of workbooks at each level of our Leadership Development stages 1-4, the full range of coaching materials 1-3, senior adviser development, graduate induction programmes, assessment centre materials, food for thought books etc and this was reworked in non branded word/pdf for Stats, and again for the Transport Sector Shared Services as well as many requests for ad hoc presentation materials. At the time we had no graduate support and were expected to produce these materials often late in the piece, again the turnaround time and service was excellent, often within hours not days. I can provide you with samples of work we still have in storage. We later partnered with [REDACTED] to share a resource to reduce overall costs until the Ministry was in a position to offer a graduate role ourselves. We did this for 6/7 months and now have [REDACTED] working with us full time, hence no need to continue the relationship regardless. This did increase the overall payment above and beyond the original plan.

In addition as you will recall there were many sensitive proposals for restructuring being considered, potentially involving certain MLT members, selected Managers and PAs, FESA, Finance, Legal, as well as PSA structured documents, and the OD realignment. Staff within the Ministry could not be reasonably expected to provide this advice and support impartially and also produce reports/products of quality in the timeframes allowed. Many staff were affected when some of the proposals went through. At the time I operated in a sole role with no EA or administration support so these confidential services were essential.

The SD security and surveillance work was instigated after increasing reports of incidents, some going back 2-3 years. The services provided ranged from initially having someone on site covertly, monitoring both the building and car park, camera installation and alerts, telephone monitoring, swipe card entry analysis and pattern formation including floor activity at the alleged time of the incidents (this took many hours each time) As the activity and amounts were variable and increasing with each incident it was difficult to ascertain a predictable pattern. All of this work was done after hours, late evening and over the weekends. With the potential sensitivity around this work I did confide in [REDACTED] at the time of the start up investigations, I explained to him what was happening, and that it was likely some invoices could be sent to finance with blacked out parts, just as we do with HR legal advice, to protect the information. He said he did not need to know any more information and would take care of them when they required processing.

I understand and appreciate the need for transparency, if you are concerned in any way you could contact the providers direct and they will confirm no conflict exists and would substantiate the services

they provided. The contact details were – [REDACTED] and Mark Sharp via the website [REDACTED]

My priorities were centred on delivery and pursuing the stretch targets for the Ministry, though this does not excuse my mistake. I ask that you accept my sincere apologies for the oversight, it will not happen in future.

Regards

Jo

From: Martin Matthews
Sent: Tuesday, 26 August 2014 12:39 p.m.
To: Joanne Harrison
Subject: RE: Contracting issues

Jo,

Thank you for your quick response to my email.

Much of the design and other work done by these contractors is apparent to me, or I have been aware that it had been commissioned. I therefore have no reason to doubt or question that the services were provided to the Ministry, or that the design work was of a high standard. I think it would be helpful nonetheless if you could provide me a short summary of the key things provided to the Ministry from these providers.

It is of concern to me however that the information provided in relation to both organisations is quite limited. It is surprising that both are no longer operating in (or likely to be operating) in the Wellington market. This suggests that they are both firms of limited size or presence in the market. Neither is known to me other than through reference to the arrangements you have outlined with the Ministry. This is only significant except insofar as we have an obligation to ensure when committing public funds that we are satisfied the counterparty is suitable, and can be relied upon to deliver value for money. Transparency around these arrangements is also important to demonstrate no personal interest of conflicts in the decisions we take with public funds. Our procurement and contracting arrangements are designed to give everyone assurance that this is the case. If my assumptions noted above about these organisations having a limited presence in the market is correct, it suggests to me that you should have been even more cautious about ensuring the appropriate procurement and contracting arrangements were entered into. In the absence of such a process, it would be helpful to me before I decide how to proceed, if you could provide me with further background on the original basis that led you to select these firms to provide services to the Ministry, particularly in the case of SD which appears to have been commissioned to provide a wide array of things.

Thanks

Martin

From: Joanne Harrison
Sent: Monday, 25 August 2014 7:20 p.m.
To: Martin Matthews
Subject: RE: Contracting issues

Thank you for the opportunity to comment on the concerns you and the legal/finance team have raised.

First of all I sincerely apologise, it is my mistake based on genuine misunderstandings around contracting policy and any related party disclosures. For both [REDACTED] and SD there have been a broad

range of services ordered from basic design work to large collateral projects, as well as confidential documents/security services subcontracted out etc. I charged the invoices to different lines on my budget, not realising the sum of the parts added up to over \$100k in the time period allowed.

SD provided me with marketing brochures that showed a range of services with great service level agreements; I understand they have been restructuring themselves, which could explain the lack of web presence. When I have been pressed for quick turnaround on work they have been very good hence I re-used them. They design a whole range of services to suit the client. The confidential services and security work has ranged from sensitive document formation around potential restructure proposals, staff departures and formal legal letters, checks/vetting, investigation and analysis of access data, instillation/removal of the recent surveillance operation due to ongoing thefts etc. I believe these functions could not be provided by anyone at the Ministry with absolute confidentiality; I made the call to use these on an ongoing basis as often this work has involved delivery at weekends and evening work where I have been present, for obvious reasons I did not want to involve other staff members.

The reason some of the invoices are blacked out is that with the 'security' work for example, they listed names of people that were being looked in to and other information critical to forming a pattern of events. For potential restructure/performance management issues they showed the names of those of the teams potentially affected by change. If any of this detail was viewed by staff members, including finance or legal, some names would have been instantly recognised and I felt obliged to protect this information. The unforeseen 'security' work was not part of the original work plan and meant that the amount paid increased as the frequency and seriousness of the thefts and telephone abuse escalated. It is my error Martin; I should have taken stock and sought to get a contract signed at that point.

█ costs have also overrun, some of this was down to rework, a dispute we had with one of their pieces of work, and the employment of the joint graduate who the Ministry have now employed on a short fixed term as it is far more cost effective. We did not anticipate some additional costs such as purchasing licences, laptops, PDF files etc. My error was that I allocated the graduates costs to temporary staff workers and did not associate it with the total contract costs from █. We are not commissioning any more work from SD or █ both are said to be restructuring and I understand intending to operate overseas with little NZ presence.

I fully understand the scrutiny and I accept that I have failed to comply with the policy for contracting, for this I apologise and accept the consequences of any disciplinary action that may arise. This was not done intentionally.

In future I will make sure that █ oversees the contracting process on my behalf, countersigns the invoices, and keeps a running total of all costs.

Regards

Jo.

From: Martin Matthews
Sent: Monday, 25 August 2014 5:33 p.m.
To: Joanne Harrison
Subject: Contracting issues

Jo,

Further to our discussion earlier this afternoon, concerns have been raised with me about payments you have authorised to Sharp Design and █ without contracts in place. You will appreciate that I am naturally concerned about the non-compliance with our policies and procedures for contracting. These exist for very good reasons and need to be complied with.

I understand concerns were raised with you in October last year about compliance with our contracting policies. At that time I understand you indicated that no further work would be required of these organisations, and an assurance was given that legal would be informed and contracts would be put in place in future. The total amounts paid since then are \$88,992 for Sharp-Design and █. The payments range in size from \$302 to \$19,220. This makes the

total payments for 2013/14 to these organisations \$123,348 and [REDACTED] respectively.

I am concerned about the potential repercussions for the Ministry as we are about to be audited and will shortly be required to answer financial review questions. These processes are likely to uncover the irregularities. We need to be able to explain them. I am therefore seeking your explanation of why the requisite procedures have not been followed. Also, as a consequence of limited scrutiny of these transactions, several issues have been raised with me that also require clarification. I am therefore also seeking an explanation from you in relation to the following issues;

- The existence of Sharp-Design is in question. It does not have a web presence and is not listed in the yellow pages
- There's a name in the organisation which could suggest a personal connection which, if true, would have implications for the 'related party disclosures' required of GMs
- The sort of work carried out by Sharp-Design is unusually diverse, ranging from designing workshop materials through to 'risk management', 'confidential services' and security work
- Information in some of the invoices for Sharp Design has been 'twinked out' so that it is not possible to see what services have been provided
- No one in the legal team was approached to check whether contracts were required.

I would be grateful if you could provide an explanation of these things as well as an indication of how you will ensure all future procurement you are responsible for will be managed in accordance with Ministry policy and procedures.

Thank you.

Martin

Martin Matthews
Chief Executive & Secretary for Transport
Ministry of Transport - Te Manatu Waka



Ensuring Our Transport System Helps New Zealand Thrive

From: Mark Sharp [REDACTED]
Sent: Sunday, 7 September 2014 10:31 p.m.
To: Lisa Nickson
Subject: Request for information about Sharp Design: Attn Mark Sharp

Good day to you

I apologise for the delay in getting back to you Ms Nickson, we are currently travelling and have suffered the frustrations of global roaming as well as being busy busy busy with new incoming work!

I am sorry to hear that the services we have provided in the past have been inconsistent with any policy you may have. If the Ministry have been dis-satisfied with my products or services I have not been made aware of any such complaints. Indeed the client feedback we have received whilst in NZ has been great, if this has not been the case for you or staff at the Ministry please let me know and I will endeavour to rectify it.

I am happy to furnish you with information regarding SharpDesign6, SharpDesignonline and SD Services. I am Mark Sharp, business owner, I have a team of 6 skilled professionals and up to 10 contract staff when needed. We operated for a little over 2 years in Johnsonville, Lambton Quay/The Terrace and are set to return late 2015. The aim behind what we do is to provide best quality brokered services at affordable prices to meet the specific requirements of the clients in various spheres of business. Our long term strategy is to bestow responsive services to small and medium sized enterprises globally. Soon we will have small offices in the UK, Spain, Brasil, and NZ/Sydney by 2016.

Why did the Ministry select us - I believe it is the same reason as our other small clients do, we offer '24/7 operations at our place or yours' as well as quality services brokered through skilled professionals, quick response, delivery commitments as agreed or your money back! We had limited visibility in Wellington, we did not need much after my 'refer a friend' scheme took off and that was a deliberate and ongoing choice of marketing. Naturally this will change when we return in 2015. We generally take enquiries and source opportunities via web, friend get friend, dribble connections etc but always prefer to meet up in person, clients respond well to this. Jo seemed to be particularly impressed with the 7 day operation and the confidential services we provided after a former colleague of hers recommended us.

I will mail you a package of our promotional information that you may wish to read or file until we are fully set up on the web again. Jo and her staff all received the WHY US brochures though I am happy to send them again.

It is such a shame that you feel we did not follow the right process to provide our services, or that a contract should have been in place each time we delivered a project. My team worked long hours to ensure superb service 24/7 to Jo and the team at the Ministry. From the feedback received I believed that our client was very satisfied, it is regrettable that this is not the case. I will attempt to meet with Jo and I have left a message for her. I will also email her this week and find out what we could have done differently.

Kind Regards

Mark Sharp BSc BEng(Hons) MSc

SDServicesUK

On Tuesday, 2 September 2014, Lisa Nickson [REDACTED] wrote:

Dear Mr Sharp

I am the Acting Chief Legal Adviser at the New Zealand Ministry of Transport. I'm hoping you might be able to help the Ministry with the following query regarding a predecessor to SD Services UK, Sharp Design.

I understand that Sharp Design provided the Ministry with a range of design and security services over the 2013/14 financial year without written contracts in place.

Although not appreciated at the time, this was inconsistent with our procurement policy and unfortunately seems likely to attract the attention of our auditors who may seek further information about how the services came to be provided.

While we can't undo the non-compliance, we'd like to ensure we have some material on file that will, if need be, help us demonstrate to the auditors why we engaged Sharp Design.

To that end, I'd be grateful if you could forward to me a profile of Sharp Design (e.g. covering off the organisation's history, services provided, principals, and client base, etc), and any other promotional material or information that you think might assist.

As the audit of the Ministry is underway, I'd very much appreciate the information by Friday 5 September 2014, if at all possible. (Our Organisational Development GM, Jo Harrison, may have some of this material on her files but she is away from the office this week).

Apologies for any inconvenience this causes.

Please don't hesitate to call or email me if you would like to discuss.

Kind regards

Lisa Nickson
Acting Chief Legal Adviser
Ministry of Transport – Te Manatū Waka

MINISTRY OF TRANSPORT

Wellington (Head Office) | 89 The Terrace | PO Box 3175 | Wellington 6140 | NEW ZEALAND | Tel: +64 4 439 9000 | Fax: +64 4 439 9001

Auckland | NZ Government Auckland Policy Office | 45 Queen Street | PO Box 106238 | Auckland City | Auckland 1143 | NEW ZEALAND | Tel: +64 9 9854827 | Fax: +64 9 9854849

Christchurch | 7 Winston Avenue, Papanui | Christchurch 8140 | NEW ZEALAND | Tel: +64 3 366 9304 | Fax: +64 3 366 9317

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As discussed, in view of the urgency of the work and our previous experience of the quality delivered by these contractors I approve the recommendation below. We must however make every effort in future that the contracts we do place follow due competitive procedures in future.

To:	Andrew Jackson Acting CE	MEMORANDUM.
From:	Joanne Harrison	
Date:	9 October 2014	
Through:		

Subject: Approval of 2 procurement contracts

Following recent discussions I have reviewed my expenditure and whether appropriate procurement practices have been followed.

I have engaged Mazarine Associates and [redacted] to assist the Ministry with sector collaboration/shared services work/and projects around improving MLT/TMG leadership. This started in July and will continue, but its exact end date is dependent on possible movements of other staff within the shared services functions and the outcomes needed in the leadership area.

I anticipate the budget for this work is up to \$80k for each contract (\$160k) and expenditure in the two months to the end of August has been around \$40k.

Under the Procurement Policy for a contract of \$50-100k I should have obtained 3 quotes, and put a contract in place to define the services and price before work started. Neither of these took place in time and the work needed to be started, I have agreement from the providers to sign the necessary paperwork to move us forward.

Legal have been provided with drafting instructions and I propose to get the contracts signed to formalise the arrangements on Tuesday next week

Recommendation

- That you approve in arrears the lack of up front quotes for these contracts and the contracting arrangements can be agreed and signed immediately.
- That you also approve a casual contract arrangement for [redacted] on behalf of Martin Matthews as we discussed.

Regards,

Joanne Harrison
GM Organisational Development



Agreed
13/11/14

To: Andrew Jackson (Acting CE)	MEMORANDUM
From: Jo Harrison	
Date: 12 November 2014	

Subject: Contract to exceed original estimate of \$90K

We signed a contract with Elizabeth Williams (of Mazarine Associates) in July. This supplier was contracted initially to provide assessment benchmarking, the talent discovery workshop, productivity and globalisation talent analysis as well as support for the work with the Transport Sector Shared Services across a range of disciplines, including assisting with sector wide training and development following unplanned staff departures from NZTA.

In the current contract under 'fees' I had written an anticipated \$90K for 2014/15 and a further \$95K from June 2015 onwards, this was to cover the [redacted] departure under an anticipated redundancy clause in May/June 2015 and to ensure we had continuity of support rather than stop/start at a critical time. We are well underway with the Learning Management System (LMS) now and last month purchased our own license to begin writing modules to trial at the Ministry. This supplier will assist with design and implementation.

We will need to pay fees that are more than anticipated in year one if we are to keep momentum going with this work. We have delivered some work far quicker than anticipated, I have now assigned [redacted] to assist, I was informed yesterday that the redundancy of the [redacted] employee may happen sooner. It seems sensible for continuity of delivery to retain Elizabeth's services, and although for 2014/15 this will exceed \$100k it will balance out for the remainder of late 2015. If anything changes at that time then we will apply the Gets process for 2015/2016.

Recommendation

That you approve the contract to exceed \$90k (on an exceptional basis) and in 2015/16 we will apply the Gets process if necessary at that time.

Regards

Jo Harrison
GM Organisational Development

Joanne Harrison

To: [REDACTED]
Subject: Copies FYI
Attachments: img-Y14085754-0001.pdf

Good afternoon Elizabeth,

Further to our conversation I can confirm the DCE has given the authority to continue the contract arrangement for 2014, noting it is an exceptional one off situation regarding the usual GETS process. For 2015/16 if we anticipate the costs will exceed \$100k I will need you to follow the GETS process.

He has approved it to provide continuity of service, and was impressed that the delivery target had been achieved many weeks ahead of schedule. Well done and thank you!

I look forward to seeing you at our project meeting on Tuesday.

Have a good weekend.

Regards

Jo

Jo Harrison
General Manager - Organisational Development
Ministry of Transport - Te Manatū Waka

[REDACTED]

Ensuring our transport system helps New Zealand thrive

From: Joanne Harrison
Sent: Tuesday, 21 October 2014 12:39 p.m.
To: Martin Matthews
Subject: procurement

Hi Martin

I have met with Lisa before I saw this email.

I provided her with a copy of the first part of the email exchange between the two of us that stated you were satisfied with how these people were selected and that no further action was needed. I don't intend to go over that again or respond to her email.

I have also provided her with sample emails showing work out of hours, some products, concepts, and a high level example of entry analysis etc. I explained to her the sensitivity around some of the work that had been delivered, why the blacked out emails would remain that way, and that [REDACTED] had been briefed about this prior. She asked questions around why we did not seek a legal opinion from them or someone on the Government panel around actions regarding the thefts; I informed her that we did verbally, nothing illegal took place, and that in fact we had managed to stop the thefts etc.

I am concerned that this is not being closed down; in particular the sensitive operation that MLT were verbally briefed on. I think the information I have provided is sufficient for her to hold on file and should the scenario happen that she refers to (that you may be questioned heavily at select committee) then we will deal with it then. Lisa became agitated when I explained to her that I would protect some information about the work that has been delivered as it disclosed staff details etc, she informed me she is the privacy officer and has a right to know these things, she also stated she has the right to ask privacy questions and she would continue to do so

I do not intend going back to her by email as I believe she now has enough physical information, I do think she will keep coming back if she is allowed to do so and I would appreciate your help in closing this down. I will certainly not provide her with information about the investigation [REDACTED]

Regards

Jo

From: Lisa Nickson
Sent: Tuesday, 21 October 2014 10:46 a.m.
To: Joanne Harrison
Cc: Martin Matthews
Subject: Sharp Design procurement

Hi Jo

Before our meeting, I thought you might appreciate it if I set out what the ongoing problem is here, and what we need to do to sort it out. I realise some of this stuff can seem pretty arcane to people.

I got the material Mark Sharp provided, so thanks for passing that on.

Unfortunately, this isn't going to be enough to cover off issues that may be raised about the procurement of the services provided. I'm thinking here particularly of potential select committee questioning.

Things can get pretty intense in that environment, and we need to make sure Martin doesn't end up in a position where he's unable to show the committee that what was done was appropriate.

It'd go a long way toward managing this, if we're able to provide a fulsome paper trail that details why we selected Sharp Design, and that shows what they did.

So, I need you to help me build up a file by providing the following:

- a set of Sharp Design's invoices (with no redactions)
- examples of the work they did (I think they did some workbooks for us? So that could be one example)
- a file note explaining specifically when and how you came to be aware of Sharp Design (This might include, for example, some details around the staff referrals you mentioned a while back), and the information that caused you to believe Sharp Design were suitable to do the work

We also need proper profile information about Sharp Design. I think it'd be best if you followed up with Mark on this (I think he may have got the wrong end of the stick and become concerned that I am questioning the quality of the work, which isn't my intention). What I mean by 'profile' is information covering off Sharp Design's history, services provided, principals, and client base, etc.

Talk to you soon.

Lisa Nickson
Acting Chief Legal Adviser
Ministry of Transport – Te Manatū Waka



Contract for Services



Ministry of Transport
TE MANATŪ WAKA

Organisational Development Professional Services Support

Contract No. 14/15-031

The Parties

MINISTRY OF TRANSPORT

(Buyer)

Level 6, 89 The Terrace

Wellington 6140

and

ELIZABETH WILLIAMS, trading as MAZARINE ASSOCIATES

(Supplier)

The Contract

Agreement

The Buyer appoints the Supplier to deliver the Services described in this Contract and the Supplier accepts that appointment. This Contract sets out the Parties' rights and obligations.

The documents forming this Contract are:

- | | |
|---|------------|
| 1. This page | Page 1 |
| 2. Contract Details and Description of Services | Schedule 1 |
| 3. Standard Terms and Conditions | Schedule 2 |
- GMC Form 1 SERVICES | Schedule 2 (2nd Edition) available at: www.procurement.govt.nz
4. Any other attachments described at Schedule 1.

How to read this Contract


- Together the above documents form the whole Contract.
- Any Supplier terms and conditions do not apply.
- Clause numbers refer to clauses in Schedule 2.
- Words starting with capital letters have a special meaning. The special meaning is stated in the Definitions section at clause 17 (Schedule 2).


Acceptance

In signing this Contract each Party acknowledges that it has read and agrees to be bound by it.

For and on behalf of the **Buyer**:

For and on behalf of the **Supplier**:


(signature)


(signature)

name:	Jo Harrison	name:	Elizabeth Williams
position:	General Manager, Organisational Development	position:	Director
date:	15/10/2014	date:	15/10/2014

Schedule 1

Contract Details and Description of Services

Start Date	16 October 2014	Reference Schedule 2 clause 1
End Date	31 December 2015	Reference Schedule 2 clause 1

Contract Managers Reference Schedule 2 clause 1		Buyer's Contract Manager	Supplier's Contract Manager
	Name:	Jo Harrison	Elizabeth Williams
	Title / position:	General Manager, Organisational Development	Director, Mazarine Associates
	Phone:		
	Fax:		
	Email:		

Addresses for Notices Reference Schedule 2 clause 13		Buyer's address	Supplier's address
	For the attention of:	Jo Harrison	Elizabeth Williams
	c.c. Contract Manager		
	Delivery address:	89 The Terrace Wellington	
	Postal address:	P O Box 3175 Wellington 6140	
	Fax:		
	Email:		

Supplier's Approved Personnel Reference Schedule 2 clause 25		Approved Personnel
	Name:	Elizabeth Williams
	Position:	Director
	Specialisation:	See website

Description of Services
<p>Services: The Supplier will provide the Buyer with personnel engaged by the Supplier to support the Buyer in providing advice and carrying out activities associated with developing and implementing shared services across the government transport sector including, for example, project management, administration support, and event facilitation.</p> <p>The Supplier will also provide administrative and advisory support to the General Manager, Organisational Development in carrying her role assisting the Transport Sector Shared Services [team?] and State Services Commission on various talent leadership activities and advising on career boards.</p> <p>The Parties acknowledge that, despite clause 1.1 of Schedule 2 to this contract, the Supplier has since 1 July 2014 delivered some of the described Services.</p> <p>Deliverables: The Supplier will:</p> <ul style="list-style-type: none"> • Prepare a final report on the Talent Discovery workshop • Prepare reports, recommendations, and analyses related to assessment benchmarking and talent leadership activities • Carry out productivity and globalisation talent analyses and shared support work. • Prepare other reports as and when agreed in writing between the Buyer and Supplier • Support TSSS via GM where/when appropriate with individual reports/analysis • Project support including admin for TSSS from June 2015 (potentially full time until December 2015)

Performance Standards
 The Services are to be delivered to the required performance standards or quality reasonably notified by the Buyer to the Supplier from time to time.

Milestones
 The Services are to be delivered in accordance with the milestones and applicable dates, as agreed in writing between the Buyer and the Supplier.

Supplier's Reporting Requirements Reference Schedule 2	Report to:	Type of report:	Due date:
	Contract Manager	Oral updates	Weekly
	Progress reports	Quarterly	

CHARGES: The following section sets out the Charges. Charges are the total maximum amount payable by the Buyer to the Supplier for delivery of the Services. Charges include Fees, and where agreed, Expenses and Daily Allowances. The Charges for this Contract are set out below.

Hourly Fee Rate
 For each hour worked an Hourly Fee Rate of \$110.00 excluding GST, up to a total maximum of \$90,000.00 excluding GST in 2014.
 Anticipated for 2015 – up to maximum \$95000.00 excluding GST *Budgeted May 2015*
 If the Supplier reaches the total maximum without completing the Services, the Supplier is required to complete the Services without further payment, unless otherwise agreed in writing.
 The Parties acknowledge that, despite clause 1.1 of Schedule 2 to this contract, the Supplier has since 1 July 2014 delivered some of the described Services and that this work is to be included in determining the total maximum fee.

Expenses
 No Expenses are payable.

Invoice
 The Supplier must send the Buyer an invoice for the Charges at the following times:
 At the end of the month, for Services delivered during that month.

Address for Invoices Reference Schedule 2	Supplier name:	
	For the attention of:	Jo Harrison
	Physical address:	Level 6, 89 The Terrace, Wellington
	Postal address:	P O Box 3175, Wellington 6140
	Email:	accounts@transport.govt.nz

Insurance
INSURANCE: (clause 8.1 Schedule 2)
 It is the Supplier's responsibility to ensure its risks of doing business are adequately covered, whether by insurance or otherwise. The Buyer does not require any specific insurance under this Contract.

Changes to
Schedule 2 and
additional
clauses

SCHEDULE 2 of this Contract is amended as follows:

Section 2: Add the following clause –

"2.8 If the Supplier comprises more than one party, then each shall be jointly and severally liable for the Supplier's obligations under this Contract."

Section 6: Add the following clause –

"6.4 This Contract does not confer any legal rights on anyone except the Parties."

Section 9: Add the following clauses –

"9.4 During the term of this Contract and for a period of six months after completing the Services, the Supplier must not, and must ensure that its Personnel do not, undertake any work for any other person that is, or may be, in the Buyer's reasonable opinion, a Conflict of Interest, except with the Buyer's prior written consent."

Section 11:

Clause 11.2: Delete the word "Contact" in line 2, and substitute the word "Contract".

Clause 11.5: Delete subclause f., and substitute the following subclause –

"f. is required by the Buyer, acting reasonably, to supply the Services within the period of an Extraordinary Event

Clause 11.5: Add the following subclause –

"i. undergoes a change of Control and the Buyer notifies the Supplier in writing that the person to whom Control has passed is not acceptable to the Buyer or that the change of Control will have a material adverse effect on the Supplier's ability to provide the Services"

Section 13: Add the following clauses –

"13.3 If requested by the Buyer, the Supplier will ensure that its Personnel sign a confidentiality undertaking in the form attached in favour of the Buyer.

"Official Information

"13.4 The Supplier acknowledges that the Buyer is subject to the Official Information Act 1982 and that it may be obliged to disclose Confidential Information under that Act. The Buyer shall promptly advise the Supplier of any request received by it under the Official Information Act that relates to the Supplier's Confidential Information and prior to any disclosure under the request."

Section 15:

Clause 15.3: Delete and substitute the following clause –

"15.3 The Buyer may, after consulting with the Supplier, make alternative arrangements to ensure performance of the Services during the period affected by the Extraordinary Event, including engaging alternative suppliers. If the Buyer makes alternative arrangements, it does so at its own cost."

Add the following clauses –

"15.5 A party shall not be required against its will to settle any strike, lock-out or other industrial disturbance.

"15.6 Performance of any obligation affected by an Extraordinary Event shall be resumed as soon as reasonably practicable after the Extraordinary Event has ended or abated."

Section 16: Add the following clause –

"16.11 If a provision of this Contract is held to be invalid, the Contract remains in full force apart from that provision."

Section 17: Add the following definition after **Contract Manager:**

"Control In relation to the Supplier, the power to:

- a. hold more than 50% of the voting securities, or to exercise or control the exercise of more than 50% of the maximum number of votes that can be voted at a meeting of shareholders; or
- b. control, directly or indirectly, the composition of the board of directors or board of management of the Supplier, whether through the ownership of voting securities, by contract or otherwise."

	None
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Contract for Services
Ministry of Transport
 TE MANATŪ WAKA
Transition and change/project support**Contract No.15/16-013****The Parties****MINISTRY OF TRANSPORT****(Buyer)**

Level 6, 89 The Terrace

Wellington 6140

and

Elizabeth Williams**(Supplier)**

GST Registration / Company No:

The Contract**Agreement**

The Buyer appoints the Supplier to deliver the Services described in this Contract and the Supplier accepts that appointment. This Contract sets out the Parties' rights and obligations.

The documents forming this Contract are:

- | | |
|---|-------------------|
| 1. This page | Page 1 |
| 2. Contract Details and Description of Services | Schedule 1 |
| 3. Standard Terms and Conditions | Schedule 2 |
- GMC Form 1 SERVICES | Schedule 2 (2nd Edition) available at: www.procurement.govt.nz
4. Any other attachments described at Schedule 1.

How to read this Contract

5. Together the above documents form the whole Contract.
6. Any Supplier terms and conditions do not apply.
7. Clause numbers refer to clauses in Schedule 2.
8. Words starting with capital letters have a special meaning. The special meaning is stated in the Definitions section at clause 17 (Schedule 2).

Acceptance

In signing this Contract each Party acknowledges that it has read and agrees to be bound by it.

For and on behalf of the **Buyer**:

(signature)

For and on behalf of the **Supplier**:

(signature)

name: Joanne Harrison**name:** Liz Williams**position:** General Manager Organisational Development**position:** Contractor**date:** 9/10/2015**date:** 10/10/2015

Schedule 1

Contract Details and Description of Services

Start Date	2 November 2015	Reference Schedule 2 (Date)
End Date	ongoing	Reference Schedule 2 (Date)

Contract Managers Reference Schedule 2 (Date)	Name:	Joanne Harrison	Liz Williams
	Title / position:	General Manager Organisational Development	Contractor
	Phone:	[Redacted]	
	Fax:	[Redacted]	
	Email:	[Redacted]	

Addresses for Notices Reference Schedule 2 (Date)	For the attention of:	Joanne Harrison	Liz Williams
	c.c. Contract Manager		
	Delivery address:	89 The Terrace Wellington	[Redacted]
	Postal address:	P O Box 3175 Wellington 6140	[Redacted]
	Fax:	[Redacted]	
	Email:	[Redacted]	

Supplier's Approved Personnel Reference Schedule 2 (Date)	Name:	Liz Williams
	Position:	Sole Contractor
	Specialisation:	N/A

Description of Services
<p>Services and Deliverables</p> <p>Services are summarised below and will be subject to mutually agreed briefs throughout the engagement.</p> <p>The supplier will provide advisory and administrative support to General Manager Joanne Harrison throughout the change period. The summary of delivery will change from time to time and flexibility will be required.</p> <ul style="list-style-type: none"> • New and existing Chief Executive transition: <ul style="list-style-type: none"> ○ Interactive welcome information ○ Internal communications ○ External communications ○ Organisational design and structuring with the new CE • Knowledge systems transition management <ul style="list-style-type: none"> ○ Project management services ○ Business analysis services ○ Learning and development services ○ Backfilling roles ○ Change management

Supplier's Reporting Requirements <small>Reference Schedule 2 clause 1</small>	Reporter	Frequency	Lead time
	Joanne Harrison [REDACTED]	Status/progress update including risks and obstacles	Fortnightly following commencement date
CHARGES The following section sets out the General Charges that the Supplier may incur and is payable to the Buyer by the Supplier for delivery of the Services. Charges include Fees and the Daily Allowance, Travel and Daily Allowance. The Charges in this schedule are set out below.			
Fees <small>Reference Schedule 2 clause 1</small>	The Supplier's Fees will be calculated as follows: <ul style="list-style-type: none"> Only mutually agreed hours and effort are billable Hourly rate of \$110/hr + GST 		
Expenses <small>Reference Schedule 2 clause 1</small>	If mutually agreed in writing		
Daily Allowance <small>Reference Schedule 2 clause 1</small>	If mutually agreed in writing		
Invoices <small>Reference Schedule 2 clause 1</small>	The Supplier must send the Buyer an invoice for the Charges at the following times: Last business day of each month, for payment by the 20 th of the following month		
Address for Invoices <small>Reference Schedule 2 clause 1</small>	Buyer's address		
	For the attention of:	[REDACTED]	
	Physical address:	Level 6, 89 The Terrace, Wellington	
	Postal address:	P O Box 3175, Wellington 6140	
	Email:	[REDACTED]	
Insurance <small>Reference Schedule 2 clause 1</small>	INSURANCE: (clause 8.1 Schedule 2) N/A – Exemption to be granted		
Changes to Schedule 2 and additional clauses	SCHEDULE 2 of this Contract is amended as follows: Remove 2.4 b as the Buyer (not the Seller) shall provide all equipment necessary to deliver the Services Remove 8.1 a and 8.1 b, as insurance will be exempted Reword 11.2 to remove 11.2 a and 11.2 b, and to state only: 'At any time during the term of this Contract the Supplier may notify the Buyer that it wishes to terminate this Contract by giving 20 Business Days Notice'		
Attachments <small>Reference Schedule 2 clause 1</small>	Personnel Confidentiality Undertaking		

Personnel Confidentiality Undertaking
(clause 13.3)

To: Ministry of Transport
89 The Terrace
Wellington

Supplier: Elizabeth Williams

Contract Number: 15/16-013

I, _____, of _____, Wellington, have been engaged by the Supplier in relation to the provision of the Services to the Ministry of Transport (the **Buyer**) as set out in the Contract for Services dated _____ between the Buyer and the Supplier.

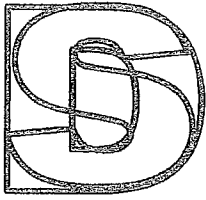
Confidential Information: I acknowledge and agree that:

- (a) in the course of my performing the Services for the benefit of the Buyer, I will receive or have access to information relating to the Buyer's business, whether or not identified as confidential information (subject to the following sentence) (**Confidential information**). Confidential Information does not include any information previously known to me (other than under an obligation of confidence to the Buyer), or that is public knowledge or that is rightfully received by me from a third party who is itself not under an obligation of confidence to the Buyer;
- (b) I will:
 - (i) keep the Confidential Information confidential at all times and, unless agreed otherwise by the Buyer in writing or as required by law, will not disclose or provide access to, communicate, copy, make available or re-supply any Confidential Information or use the Confidential Information for any purpose other than enabling the Supplier to provide the Services;
 - (ii) effect and maintain adequate security measures to safeguard the Confidential Information from access or use by unauthorised persons, and keep the Confidential Information under my control.

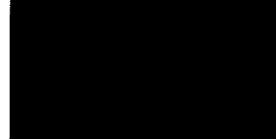
Name:

Title:

Date:



SharpDesign



INVOICE

Ministry of Transport
PO Box 3175
Wellington 6140
Attention: CP&D

Invoice No: wksp5/8
Date: 16/08/2013

Description	Amount
<p>Team session preparation as arranged and agreed by J Harrison</p> <p>CONFERENCE REC 16/8</p> <p>29/4/13</p> <p>24952</p>	\$1150.00
TOTAL PAYABLE	\$1150.00

Electronic transfer payments to account:



ORPD

BSPP	9999	6/05	\$ 1150.00
CC	Proj	Acct	Net Amount
Description Workshop prep			
I certify that the goods or services have been received, the coding and amount are correct and that this expenditure complies with the Ministry's expense policy			
Approver:	Date: 16/8/13		



Ministry of Transport

TE MANATŪ WAKA

POSITION DESCRIPTION

POSITION:	General Manager Organisational Development
LOCATION:	Wellington
RESPONSIBLE TO:	Chief Executive
RESPONSIBLE FOR:	Change, People and Development Transport Sector (Shared Services) Programme Management Knowledge Management and Information Communications and External Relations Administration and ministerial support Chair, OD Leadership Group
EFFECTIVE:	August 2013

Context of the position

The purpose of this position is to provide high quality services to the Ministers, Chief Executive, Ministry Leadership Team (MLT) and business groups. The General Manager Organisational Development supports the Chief Executive by providing impartial advice and support services. The General Manager also supports the MLT by ensuring they have the information required to make collective decisions that result in a capable and accountable high performing organisation. The General Manager is also a member of the MLT.

The Organisational Development Group includes the following functions:

- Change, People and Development
- Shared Services Programme Management (while sponsorship of this function resides in the Ministry)
- Knowledge Management and Information
- Communications and External Relations
- Administration and ministerial support.

Key results/ impacts:

- Provision of specialist and independent advice and services to the Chief Executive, MLT and business groups.
- Contribute to a whole of organisation perspective by effective MLT membership.
- Responsible management of the Ministry, including financial resources.
- Leading and coaching direct reports and staff.
- Ensuring that the Group meets or exceeds performance expectations for the delivery of outputs in accordance with the SOI, the Output Plan and agreed business plans.
- The creation and articulation of a vision and strategy for the Group.

About the Ministry

The Ministry's role is to provide policy advice to ministers that will ensure our transport system helps New Zealand thrive. As a policy ministry, it is our role to provide strategic sector knowledge, day-to-day transport advice, and a programme of work that meets the government's priorities of the day. We work closely with transport Crown agencies to deliver results.

As a flexible and responsive ministry, we believe that:

- transport connects us: it is vital to society and the economy
- we see the big picture of transport
- we shape the transport system for the long term
- we ensure quality, innovation and value in everything we do
- we deliver results by working with and through others
- we are a great place to work

We operate as a professional services ministry, which means that staff members are treated as a single pool of resource who are allocated to major priority projects based on their ability and knowledge to deliver the work. This structure provides a varied and stimulating work environment as staff members may be working on something different tomorrow to what they did today, with possibly a different team or manager.

Nature and scope of the group and position

The Ministry's Organisational Development Group has a critical role in both supporting the business service functions of the Ministry, and in contributing to the ministry's core policy advice function.

The Organisational Development Group brings together functions that provide services across the organisation. The group creates a single point of accountability for related corporate-type functions that are provided by and for the Ministry. Services are specified by the Group in conjunction with business group 'partners', and monitored at a high level by the MLT.

The Organisational Development Group contains corporate functions with a significant service delivery component. These functions develop and deliver the organisational capability (people, resources and infrastructure) required in order for the Ministry to achieve its strategic goals.

This Group would focus on ensuring its activities are integrated and deliver excellence service, are fully aligned with the Ministry's organisational strategy and enable functional business strategies to succeed. This would require a strong emphasis on championing the relationship management model, and encouraging the development of a strong and ongoing understanding of the business, and an entrenched service ethic, within the Group.

The General Manager Organisational Development will be expected to realise the likely benefits which include:

- realising efficiencies in the provision of corporate services within the Ministry through bringing together resources, networks and expertise

- ensuring a consistent approach and quality in delivering support services across the Ministry, including through grouping like functions together
- building greater critical mass in similar skills and resources, enhancing flexibility and resilience to respond to changes in demand
- providing opportunities for development of professional skills and culture through contact with colleagues with experience and skills in the same field.

The General Manager is responsible for overseeing and managing the following business functions that comprise the Group:

Key responsibility areas	Description
Change People and Development	<ul style="list-style-type: none"> • Provide leadership for the people and development functions for the Ministry, including, recruitment, HR services for business groups, learning and development, counselling and support to staff • Lead on the development and implementation of strategic HR, workforce strategy and planning activities • Oversee change management, organisational design and culture development initiatives
Transport Sector (Shared Services) Programme Management	<ul style="list-style-type: none"> • Oversee development and monitor mechanisms for programme management prioritisation of programmes, projects and initiatives • Monitor and report on progress, interdependencies and risks related to priority work programmes and projects • Input, as required, a Ministry perspective and support for shared services agreed between the transport agencies • Develop and establish standards, processes and methodologies for programme and project management • Guide and support programme and project managers to ensure they are able to adopt and maintain methodologies and processes <p>Note: the Programme Sponsorship role may shift to a person outside the Ministry, but the GM will continue to represent the Ministry's interests on the Shared Services Governance Group.</p>
Knowledge Management/ Information	<ul style="list-style-type: none"> • Develop and implement the Ministry's knowledge management strategy and planning systems and processes • Manage the provision of information and knowledge resources for managers and staff

External Relations and Communications	<ul style="list-style-type: none"> • Oversee the development of frameworks, policies, standards and measures for effective internal and external communications and stakeholder engagement • Provide strategic communications advice and planning to the Chief Executive and MLT • Channel strategy development • Hold ownership of the Ministry's brand (standards and implementation) • Ensure proactive communications and public relations support (releases, articles, media liaison) is provided • Oversee media management and advice, including media responses, liaison, strategies, reporting and analysis
Ministerial support	<ul style="list-style-type: none"> • Provide any support necessary to support requests from the Minister's office and to support the Deputy Chief Executive in his management of the Private Secretaries and ministerial services
Secretariat Support	<ul style="list-style-type: none"> • Provide secretariat support to MLT and other governance groups across the Ministry • Provide administrative support to senior managers
Shaping our Future programme	<ul style="list-style-type: none"> • The General Manager Organisational Development will act as the overall sponsor for the Shaping our Future programme for the next two years. In that capacity, the General Manager will ensure sound programme and change management is applied to maximise the impact and effectiveness of the programme.

Direct contribution to the role of the Ministry

The role's direct contribution to the Ministry achieving its role is to provide leadership to the Organisational Development Group, for business performance and for the implementation of Ministry management systems, standards and frameworks.

Purpose and key accountabilities

Purpose of the role	Key accountabilities and deliverables
Leadership	<ul style="list-style-type: none"> • Contributing to the Ministry's strategic direction, planning and monitoring of progress against outputs and outcomes. • Reviewing, developing and implementing integrated policies, processes and systems capable of supporting business groups to achieve Ministry outcomes. • Leading high performing teams through coaching and mentoring, building consistency for the strategic goals of Ministry and the Group and setting a clear direction for the Group. • Being an effective member of the Ministry Leadership Team.

	<ul style="list-style-type: none"> • Gaining the confidence of relevant government agencies and other stakeholders through the performance of the Group. • Modelling public service values and desired workforce culture.
	<ul style="list-style-type: none"> • Providing the Chief Executive and other senior managers with appropriate advice in areas relating to the Group, and representing the Ministry at critical, high level and potentially sensitive meetings.
Business Performance	<ul style="list-style-type: none"> • Deliver Group outputs according to the Ministry's Statement of Intent and agreed business plans. • Provide the Chief Executive and the MLT with appropriate advice • Develop improved systems for the delivery of services to the Ministry. • Oversee and manage the completion of special projects.
Management	<ul style="list-style-type: none"> • Business planning: ensure the Group's strategic objectives, priorities and business plan are put in place each year and are in alignment with Ministry strategic priorities and objectives. • Financial management: take accountability for the financial performance of the Group, manage budgets within defined parameters and ensure efficient and effective use of financial resources. • Human resource management: take accountability for the successful management of employees within the Group; develop and maintain positive employee relations; establish and lead a high performing team through coaching and mentoring; operate the Ministry's performance management system effectively. • Capability building: ensure that the Group has the financial, human, technical and service delivery capabilities to perform its range of functions to a high standard. • Effective communication: ensure external and internal communications are maintained and enhanced through effective use of the media, public relations, and stakeholder communications strategies and plans. • Risk management: effectively identify and manage risk to the Group's reputation or the achievement of its programme.

General functions	<ul style="list-style-type: none"> • Ensure records are created and maintained in accordance with the Public Records Act 2005 (specific recordkeeping responsibilities are located in the Ministry's Information Management Policy under "Information ownership, roles and responsibilities") • Maintain confidential counselling intervention records and risk assessments • Undertake any other tasks, as requested
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Key Working Relationships

Internal	External
<ul style="list-style-type: none"> • Chief Executive • Managers and/or Team Leaders within the Organisational Development Group • Ministry Leadership Team 	<ul style="list-style-type: none"> • Relevant stakeholders/governance groups involved in developing shared services initiatives across the transport sector • Other Government Departments and Central Agencies

Person Specification

Qualifications

A relevant degree qualification (with chartered fellow status in associated memberships) in this specialised field is essential, as is executive level experience in strategic change leadership and organisational design, development and implementation.

Experience

- Strategic leadership in a corporate environment.
- Public sector management at an executive level.
- Experience leading at least two of the functions identified in the Group
- Relevant undergraduate degree
- Expertise in leading and managing change programmes within a unionised and Public Sector environment.
- Experience to lead and drive implementation of programmes of work and is trustworthy, reliable and a 'go-to' person.
- Experienced in understanding of personalities and behavioural styles with the appropriate level qualification.
- Must be comfortable leading in a standalone environment
- Expertise to quickly establish credibility, inspire the confidence of the CEO and other senior managers, whilst working independently and consulting where appropriate.

Personal Factors

- Ability to respond professionally and effectively to the needs of internal and external staff/clients/customers
- Ability to anticipate and respond quickly, pleasantly, and positively to requests
- Ability to positively interact with people from a wide range of backgrounds and the ability to present and to imbue professional confidence
- Ability to be open with people, to listen effectively and express ideas, information, and potential problems clearly
- Ability to develop and maintain highly-effective contacts and relationships with individual and groups inside and outside the organisation
- Ability to show sensitivity to the politics, culture, and personalities at all levels
- Demonstrate confidentiality and discretion in all dealings





Ministry of Transport
TE MANATŪ WAKA

5 August 2013

Joannē Harrison
General Manager Organisational Development
Organisational Development Group
Ministry of Transport
WELLINGTON

Dear Joanne

Financial Delegation: Level 2

The Minister of Transport has provided the Chief Executive of the Ministry of Transport with approval to sub-delegate his financial authority, within specified limits.

In accordance with the Minister's approval, the Chief Executive has sub-delegated to persons holding the office of General Manager Organisational Development, the authority to incur expenditure up to the limits outlined in Part 2 paragraph 5.1 of the Financial Delegation Policy, under the column heading "Level 2".

Therefore, he considers that it is appropriate for me to confirm on his behalf the scope and limits of this financial delegation. Accordingly, attached are:

- 1 a copy of the Instrument of Sub-Delegation: Authorisation of Expenditure – Level 2; and
- 2 a copy of the Financial Delegation Policy.

Please ensure that you are conversant with, and abide by, the rules and guidelines for Financial Delegations as set out in the Ministry's policy.

Yours sincerely

Fiona Macmaster
Manager Finance

I agree to abide by the conditions set out
in this letter and in the attachments:

Signed:

Date: 16/8/2013

www.transport.govt.nz

HEAD OFFICE: PO Box 2175, Wellington, New Zealand. TEL: +64 4 472 1253, FAX: +64 4 472 3687

AUCKLAND OFFICE: The Government Economic and Urban Development Office, PO Box 106 238, Auckland City, New Zealand. TEL: +64 9 379 0070, FAX: +64 9 985 4849

CHRISTCHURCH OFFICE: PO Box 3014, Christchurch, New Zealand. TEL: +64 3 366 9304, FAX: +64 3 366 9217

