

# The Treasury

## June 2024 Quarterly Investment Report Information Release

November 2024

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## Attestation Statement – Ministry of Education

I, Iona Holsted believe the Ministry of Education (**Agency**) has implemented and maintained practices consistent with the requirements of Cabinet Officer circular CO (23) 9: Investment Management and Asset Performance in Departments and Other Entities<sup>1</sup> (**Circular**) for the past financial year, except for where non-compliance and non-applicability - is noted below.

Where the investment and asset management practices for the Agency depart from the requirements of the Circular (non-compliant), I have provided:

- an explanation as to why the requirement has not been met,
- the steps the Agency is implementing to meet the requirement, and
- the estimated timeframe for the Agency to achieve compliance.

Where the requirements of the Circular do not apply to the Agency (not applicable), I have provided an explanation as to why the requirement does not apply.

Signed:



Iona Holsted

Date: 19 / 07 / 2024

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<sup>1</sup> <https://www.dpmc.govt.nz/sites/default/files/2023-09/co-23-09-investment-management-asset-performance.pdf>

Circular requirements	Compliant / Non-compliant / Not applicable	Explanation
<b>Requirement 1: Strategic planning</b>		
<p>1.1 - The Agency has incorporated consideration of whether, and the extent to which, existing and future assets are resilient to the effects of significant risks (for example, climate change, natural disasters, or demographic changes).</p> <p>The level of resilience required for any given asset is determined by the agency and may vary based on factors including the asset type, location and the criticality of the asset.</p>	Compliant	
<p>1.2 - The Agency's use of Crown-provided depreciation funding has been solely used to ensure the levels and methods of services enabled by its assets reflect its strategic intentions.</p>	Non-compliant	<p>The Ministry's School Property Portfolio is non-compliant with this requirement.</p> <p>While the end use of baseline funding is compliant because it is only spent on the Maintenance, Repair and Rebuild of existing buildings, there is an exception with temporary use of baseline funding for Land and a portion of Roll Growth, an approach previously agreed with the Treasury.</p> <p>Through the School Property Portfolio Business Case a Land Acquisition Strategy will be developed. An appropriate funding mechanism for Land purchases is required, to allow flexibility in the land acquisition process. The Portfolio Business Case will also explore multiyear capital allocations to provide the Ministry with greater flexibility and certainty in the planning and delivery of growth projects.</p> <p><b>Actions to comply:</b></p> <ul style="list-style-type: none"> <li>In FY24/25 we will move away from the reimbursement model and all Land and Roll Growth Spending will be funded from capital injections.</li> </ul>

Circular requirements	Compliant / Non-compliant / Not applicable	Explanation
		<ul style="list-style-type: none"> <li>In FY24/25 we will develop a Land Acquisition Strategy as part of the School Property Portfolio Business Case.</li> </ul>
1.3 - The Agency maintains asset management plans to inform strategic, tactical and operational choices, including a plan for the eventual withdrawal or sale of the asset, using approved asset disposal process.	Non-compliant	<p>The Digital Portfolio is non-compliant with this requirement.</p> <p>Within the Digital portfolio we have the Digital Rankings Investment Prioritisation (DRIP) model which identifies and assesses both new investment mandates (NIMS) and current inflight initiatives on a rolling 5-year plan view.</p> <p>There is robust planning, prioritisation and decision-making processes for managing the digital portfolio. Elements of the 2018 Asset Management Plan have been refreshed over time, however an updated Digital Asset Management Plan is overdue.</p> <p><b>Actions to comply:</b></p> <ul style="list-style-type: none"> <li>Refresh the IT Asset Management Plan (2018) in 2024/25.</li> </ul>
1.4 - The Agency maintains an asset register in which the agency has identified their service critical assets and maintains details of the identity, condition, and risk exposure of these assets.	Non-compliant	<p>The School Property Portfolio is non-compliant with this requirement.</p> <p>All schools are considered service critical assets.</p> <p>The Ministry uses the HELIOS (K2) asset management system to collect and store asset related data. This holds 25 years of asset data including physical, financial and all school-led capital works projects, though to varying degrees of quality. This is because over time, responsibility for school property data collection has shifted between Boards of Trustees and the Ministry.</p> <p>To date, asset criticality has not been applied to individual school assets (buildings and asset components). Risk exposure of critical buildings and asset components is not well understood and modelled to support investment planning.</p>



Circular requirements	Compliant / Non-compliant / Not applicable	Explanation
		<b>Actions to comply:</b> <ul style="list-style-type: none"> <li>Asset criticality framework will be implemented in FY24/25.</li> <li>Collection of comprehensive asset data to support understanding of risk exposure will be completed over the short to medium term horizon, as this would be a large information gathering exercise that needs to be incorporated into routine operations.</li> </ul>
<p>1.5 - The Agency has reported to the Treasury all known investment intentions over a 10 year period that would require Cabinet consideration. This has been reported through the Treasury's Quarterly Investment Reporting, or the agency has notified the Treasury of its investment intentions to be reported in the subsequent quarter's reporting.</p>	Compliant	
<b>Requirement 2: Asset management</b>		
I have ensured that the Agency has applied the following <a href="#">asset management principles</a> to all assets under the control of the agency.		
<p>2.1 - Assets exist to provide value by supporting government services.</p> <p>The Agency has considered asset and non-asset solutions, made asset management decisions (including acquisition and disposal), and has measured performance, based on the current and expected contribution the asset makes to the agency's existing and planned service delivery needs.</p>	Compliant	

Circular requirements	Compliant / Non-compliant / Not applicable	Explanation
<p>2.2 - Agencies act as stewards of public assets on behalf of the government.</p> <p>The Agency has applied responsible management practices and made decisions consistent with the Government's priorities, while considering any impacts on existing and future generations.</p>	Compliant	
<p>2.3 - Asset management decisions must have regard to the appropriate balance of cost, risk and performance.</p> <p>In its decision-making regarding the management of current and future assets, the Agency has involved the balancing of costs and risks against the desired performance to achieve the Government's priorities and service delivery objectives.</p>	Compliant	

Circular requirements	Compliant / Non-compliant / Not applicable	Explanation
<p>2.4 - Asset management must be integrated with other organisational functions, processes, activities, and data.</p> <p>The Agency's approach to asset management has integrated other frameworks and functions within the agency, including where applicable;</p> <ul style="list-style-type: none"> <li>- All existing asset policies</li> <li>- Budget processes</li> <li>- Financial management</li> <li>- External reporting</li> <li>- Procurement</li> <li>- Investment Assurance</li> <li>- Project management and delivery</li> <li>- Business planning</li> <li>- Risk management</li> <li>- Human resources</li> <li>- Information management</li> <li>- Operations</li> <li>- Contingency planning</li> <li>- Audit</li> </ul>	Compliant	
<p>2.5 - Asset management decisions must be made using a whole-of-lifecycle approach.</p> <p>In its decision-making regarding the management of current and future assets, the Agency has considered a range of potential solutions (both asset and non-asset based) to respond to recognised service needs and has assessed alternative options, which have accounted for full lifecycle costs, benefits and risks (financial and non-financial).</p>	Compliant	

Circular requirements	Compliant / Non-compliant / Not applicable	Explanation
<b>Requirement 3: Investment planning</b>		
<p>3.1 - The Agency has applied the following guidance to the development of all investment proposals:</p> <ul style="list-style-type: none"> <li>- the Better Business Case guidance</li> <li>- the Government Procurement Rules and associated guidance, and</li> <li>- any other relevant guidance published by a central agency or system leader</li> </ul>	Compliant	
<p>3.2 - The Agency has completed risk profile assessments for all investments proposals prior to commencing business case development for the investment, and has provided all risk profile assessments to the Treasury where the investment proposal has been self-assessed as medium- or high-risk.</p>	Compliant	
<p>3.3 - The Agency has completed strategic assessments for all investment proposals that have been self-assessed as medium- and high- risk, and has provided the strategic assessment to the Treasury prior to commencing business case development for the investment.</p>	Compliant	
<p>3.4 - The Agency has uploaded a copy of all Cabinet approved business cases prepared by the Agency to the <a href="#">Public Service Intranet</a> (taking account of grounds for withholding under the Official Information Act 1982)</p>	NA	<p>Treasury have confirmed that PSI uploading is not currently accessible so not applicable to agencies by default. See also Treasury website - <a href="https://www.treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/investment-management-system-reporting/chief-executive-annual-attestations">https://www.treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/investment-management-system-reporting/chief-executive-annual-attestations</a></p>



Circular requirements	Compliant / Non-compliant / Not applicable	Explanation
<b>Requirement 4: Investment reporting</b>		
4.1 - The Agency has provided complete and correct investment reporting to the Treasury. (This confirmation must be completed even if the chief executive has delegated the approval for investment reporting)	Non-compliant	<p>The Ministry provides Quarterly Investment Reporting to the Treasury. However, feedback received from Treasury in the last quarter indicates that we are not fully compliant with this requirement because of data quality/completeness. This feedback relates to instances in the QIR where:</p> <ul style="list-style-type: none"> <li>Detailed Business Cases are proposed to be developed within less than 6 months of the Indicative or Programme Business Case</li> <li>We have not identified an Implementation Business Case to be developed within 12 months of the budget being approved.</li> </ul> <p>The Ministry is delivering several ongoing, multi-year investment programmes which are funded over multiple Budget years. The Ministry does not prepare programme and implementation business cases every year as the investment relates to existing, established programmes based on previous Cabinet decisions.</p> <p>The Ministry of Education is working with the Treasury and has agreed immediate next steps for shifting the Ministry of Education towards compliance in this area. Specifically, the Ministry will develop a portfolio business case, which will undertake a gateway review and be submitted to Cabinet for approval by the end of the financial year. The portfolio business case will reflect our existing programmes within our grow and maintain portfolios. The timing of any additional business case requirements to support budget bids in B25 and beyond are still to be discussed and agreed with TSY officials. The outcomes of this work will inform future actions to improve compliance and help confirm the Ministry of Education's specific compliance arrangements.</p>

Circular requirements	Compliant / Non-compliant / Not applicable	Explanation
		<b>Actions to comply:</b> <ul style="list-style-type: none"> <li>• Quality checks using a data modelling tool will be applied to the QIR information, from June 2024 onwards.</li> <li>• A School Property Portfolio Business Case will be developed and submitted to Cabinet for approval by the end of this financial year, which inform further business case requirements.</li> </ul>
<b>Requirement 5: Investment assurance</b>		
5.1 - The Agency has completed or has scheduled Gateway reviews for all high-risk investments.	Compliant	

