

Entered by Board Secretary

AGENDA ITEM 21.2 COMMITTEE DECISION PAPER	
To:	The Board
From:	Ryan Marshall, Compliance Manager
Reviewed:	Rodger Murphy, Head of Risk & Assurance Dean Kimpton, Chief Executive
Date:	11 December 2024
Title:	Tier 1 Policy

Aronga / Purpose

- To seek approval for the reclassification of the Debt Management Policy (the policy) from Tier 1 policy to Tier 2 policy.

Tuku mana / Delegation

- Board approval is required for changes or updates to Auckland Transport's Tier 1 policies.

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- Approve the reclassification of the Debt Management Policy from a Tier 1 policy to a Tier 2 policy.
- Note the updated Debt Management Policy.

Te whakarāpopototanga matua / Executive summary

- During the refresh and update of the policy, it was noted the Debt Management Policy may not reach the threshold of a Tier 1 policy (being policies that provide direction on strategic areas or areas of significant risk).

- We therefore request that the board approve the reclassification of the policy from Tier 1 to Tier 2.
- The updated policy is attached to this paper for noting by the board.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
November 2024, Finance and Assurance Committee meeting	Tier 1 Policies	The Committee recommended that the board approve the reclassification of the Policy from a Tier 1 to a Tier 2 policy.

Te horopaki / Background

- Auckland Transport (AT) regularly reviews and updates its policies to ensure they are fit-for-purpose, reflect leading practice, address key risk areas in the organisation, and align to Auckland Council direction.

Te hononga ki te “Statement of Intent 2024-2027”/ Alignment to Statement of Intent 2024–2027

- AT policies help to address strategic and operational risks across the organisation and provide guidance on what, why and how we do our work. This enables the business to carry out its activities which align to the Statement of Intent.

Me mōhio koe / What you need to know

- Policies that are strategic in nature, have reputational impact or provide direction on areas of significant risk have been classified as Tier One policies. Tier One policies are approved by the Board.

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9. Tier two policies provide direction on operational and administrative matters that impact the entire organisation.
10. The Debt Management Policy is an operational policy which helps to ensure AT's debt and credit are managed in an appropriate manner. We believe this closely aligns to the criteria of a tier 2 policy as set out above.
11. We note the reclassification from a Tier 1 policy to a Tier 2 policy does not change the importance or enforceability of a policy. The principal change is to the approval requirements of the policy from board (Tier 1) to Chief Executive (Tier 2).
12. We have attached a copy of the updated Policy, for noting by the board. The changes to the Policy are also summarised below.

Debt Management Policy changes

13. The Debt Management Policy has had minor changes to ensure references and links are current.
14. In addition, two more substantive changes are highlighted, these are:
 - a. AT's directors have been included in scope, and scope has been clarified to refer to any money owed to AT in section 2.
 - b. Approval of credit terms have been clarified at paragraph 3.3.

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

15. N/A.

Ka whaiwhakaaro ki te Tiakanga Taiao / Climate change and sustainability considerations

16. N/A.

Ngā whakaaweawe atu anō / Other impacts

Relationship	Consulted Y/N	Views and Perspectives Received
Māori	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	N/A
Elected members	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	N/A
Council Controlled Organisations	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	N/A

Ā muri ake nei / Next steps

17. If approved by the board, the policy will be signed by the Chief Executive and published on AT's intranet.

Te whakapiringa / Attachment

Attachment #	Description
1.	Debt Management Policy

Te pou whenua tuinga / Document ownership

Submitted by	Recommended by	Approved for submission
Ryan Marshall Compliance Manager	Rodger Murphy Head of Risk & Assurance	Dean Kimpton Chief Executive
		

Debt Management Policy

1. Purpose

The purpose of this policy is to:

- Ensure debt is collected in a timely manner.
- Provide for credit control principles to minimise exposure to potential bad debts and write-offs.
- Minimise the cost of credit risk to AT funders.
- Minimise the interest cost of outstanding debt.
- Ensure customers dealing with AT have a suitable customer experience

This document should be read in conjunction with the Debt Management Guidelines. AT has an obligation to ensure all money owed to it is collected promptly.

2. Scope

This policy applies to:

- All AT employees;
- AT representatives:
 - Contractors & consultants.
 - Agency temps (in accordance with the terms of their supplier agreement with AT).
 - Staff on secondment from other organisations/agencies.
 - Volunteers.
- AT's board of directors

It applies to any money (or debt) that is owed to Auckland Transport by any other third party.

3. Policy Principles

3.1 To achieve its obligation by ensuring all money owed to AT is collected promptly, AT will operate procedures which:

- Minimise the amount of overdue debt.
- Ensure any debt is promptly collected.
- Ensure appropriate interaction with customers.

3.2 Payment to AT will either be in advance or on account, depending upon the service provided as follows:

- Parking lease debt is collected at the start of the month of invoice unless a separate arrangement is agreed to with Parking Services.

- All other debt is payable on the 20th of the month following invoice unless a separate arrangement is agreed to with the relevant business unit.

3.3 Credit terms beyond three months require approval of the Accounts Receivables Team Leader for debt below \$10,000 and the Financial Reporting Manager for debt greater than \$10,000.

- 3.4 AT may receive payment through various channels, including credit card payments, internet banking, Direct Debit (DD) initiated by AT and Automatic Payment (AP) initiated by the debtor.
- 3.5 The Finance Department will follow up on unpaid debts on behalf of all business units. However, business units have the primary ownership of debts arising from their billing activities.
- 3.6 AT will take advantage of all available remedies (including using the services of third party collection agencies) to recover outstanding debts, provided it is practical and economical to do so.
- 3.7 Write-off of debts must be in accordance with the Delegations Register.
- 3.8 Infringement debt is fully provided for as unrecoverable at the time of sending it to the Ministry of Justice for recovery.

4. Roles and Responsibilities

Role	Responsibility
All employees and representatives	<ul style="list-style-type: none"> • Adherence and compliance with this policy and related procedures.
Finance	<ul style="list-style-type: none"> • Provide support and guidance to employees • Proactively and efficiently follow up and collect overdue fees • Propose debt provisions and write off requirements in line with policy
Executive Leadership Team, Directors, Group Managers or Department Heads	<ul style="list-style-type: none"> • Promote the principles of this policy. • Notify applicable personnel of the requirements of this policy and related procedures.
Policy Owner/s Chief Financial Officer	<ul style="list-style-type: none"> • Guide/approve system development to support policy/process. • Administer requirements of policy/process relating to debt management.



Role	Responsibility
	<ul style="list-style-type: none">Monitoring and updating of this policy and related procedure.

5. Supporting Information

Supporting documents	<ul style="list-style-type: none">Debt Management Guidelines
Related documents	<ul style="list-style-type: none">AT Delegations Register

6. Non-Compliance

Breach of this policy could result in disciplinary action being taken against employees up to and including dismissal and the termination of an agreement/arrangement with a representative.

7. Approval & Review

Policy Owner: Chief Financial Officer

Policy Contact: Financial Reporting Manager

Approved by:

Chief Executive

Approval date: xxx

Effective date: XXX

Next review date: XXX

AT reserves the right to review, amend or add to this policy at any time upon reasonable notice to employees and representatives.