NZTA VARIATION REQUEST PROCESS, PROCEDURES, AND CHECKLIST

This document:

- outlines the process and procedures to follow when a variation request is needed for either a price level adjustment (PLA) or a cost scope adjustment (CSA) refer to Process
- provides a checklist to use before submitting the *Variation request form* for a PLA or CSA.
- Is a live document for all variation requests

Note:

1. Requests that don't meet these requirements will be returned to the project manager/submitter for remediation and won't be included on the Delegation Committee's agenda until this has been done.
2. Local Government Partnership are responsible for submission of variation forms on behalf of AO's
3. Types of Variations:

Price level adjustment	Cost has varied due to a pricing change (in Material or Labour supply – including Professional Services fees) WITHOUT any change in "scope" of work.
Cost/Scope adjustment	Cost has varied due to a combination of price level and scope of work change.
Cost adjustment	Cost has varied due to contract rate changes or formal review of Estimates (in accordance with SM014).
Scope adjustment	Cost has varied due to change in contract/project scope of works AND the resulting price requires a funding variation i.e. exceeds P50 Estimate & Contingencies.

Roles and Responsibilities

Activity Class Manager (ACM)	Provide input to the Variation request. Confirm priority of the activity under the current NLTP. Able to provide context into the funding environment and the impact to the AC due to the variation.
Business Case Process (BCP) **OR** Local Government Partnerships (LGP)	Responsible for performing quality assurance (looking at the outcomes of the investment and the optioneering behind the PLA/CSA. Determine the scope aligns with the outcomes or if this needs to be confirmed. **Note**: LGP are the submitter for AO (Approved Organization) variations
Delegations Committee / Chief Financial Officer (CFO) / Waka Kotahi Board	Endorse/Approve variation
Delegations Secretariat	Include variation on agenda; communicate minutes of meeting (incl. conditions); review/accept conditions
Project Controls (PC)	Assist the Project Manager with the variation request. Ensure that the request meets the requirements.
Project Manager (PM) / Submitter (AO)	Create, develop and submit the variation request (after meeting the requirements submit request through the system). Ensure the variation request has followed the necessary guidelines/manuals for best practice project management quality assurance (i.e. robust costing/estimation).
Project Management Standards (PMS)	Provide guidance for the whole procedure and push request from SAP to TIO (before submission to delegations).
Project Sponsor	Assess and review the variation request. Endorse/Approve variation
Treasury & Cashflow (T&C)	Confirm funding availability; review/accept conditions; release funds.

Contents

List of abbreviations

AC	Activity Class
BR	Business Rule
CSA	Cost Scope Adjustment
GPS	Government Policy Statement
IQA	Investment Quality Assurance
NLTF	National Land Transport Fund
NLTP	National Land Transport Plan
PLA	Price Level Adjustment
QA	Quality Assurance
TIO	Transport Investment Online
WK	Waka Kotahi

Business rules

The following business rules apply to all variation (CSA or PLA) requests:

- BR153b Approval of a material project scope change
- BR154b Approval of any increase in project or activity funding
- BR165 Approval of funding condition fulfilment
- BR210 Approval of funding and funding variations for any phase up to $50m

You can access the list of delegations attached to these business rules from the Delegations page on OnRamp.

NZTA Variation request procedures (PLA or CSA)

Below you can find more detail on the procedures within this process that are carried out by Waka Kotahi Project Managers (or by the submitter on behalf of an Approved Organisation).

Note:

1. In this document we refer to the application form as the [Variation request form](#). It is sometimes also referred to as the "PLA application form" or the "Variation: Price level/cost/adjustment application form."

2. Variations irrespective of value need to follow this procedure/process.

3. The relevant SMO11 Manual should be referenced to adhere to best practice project management quality assurance.
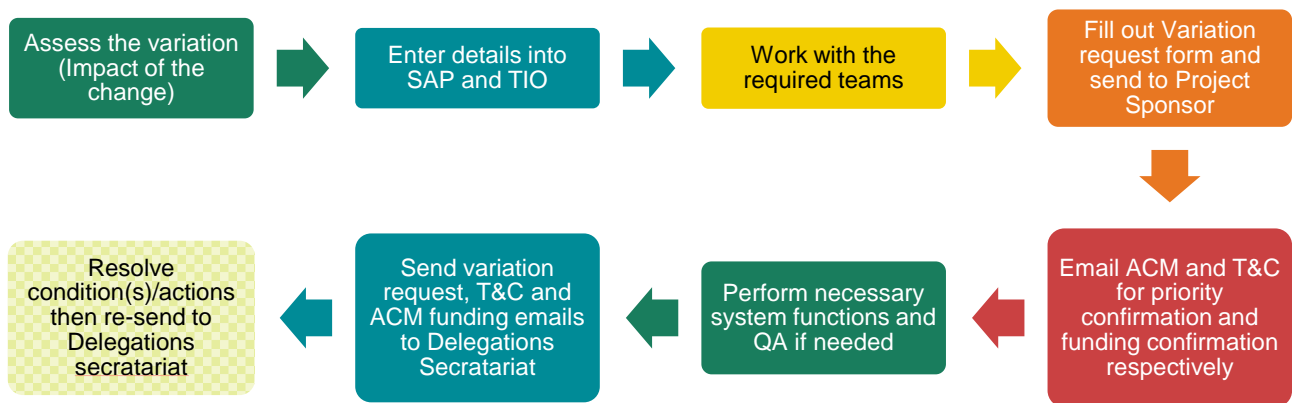
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┌──────────────────┐     ┌──────────────────┐     ┌──────────────────┐     ┌──────────────────┐
│ Assess the       │ ──▶ │ Enter details    │ ──▶ │ Work with the    │ ──▶ │ Fill out         │
│ variation        │     │ into SAP and TIO │     │ required teams   │     │ Variation        │
│ (Impact of the   │     │                  │     │                  │     │ request form and │
│ change)          │     │                  │     │                  │     │ send to Project  │
│                  │     │                  │     │                  │     │ Sponsor          │
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                                                                                     │
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┌──────────────────┐     ┌──────────────────┐     ┌──────────────────┐     ┌──────────────────┐
│ Resolve          │ ◀── │ Send variation   │ ◀── │ Perform          │ ◀── │ Email ACM and    │
│ condition(s)/    │     │ request, T&C and │     │ necessary system │     │ T&C for priority │
│ actions then     │     │ ACM funding      │     │ functions and    │     │ confirmation and │
│ re-send to       │     │ emails to        │     │ QA if needed     │     │ funding          │
│ Delegations      │     │ Delegations      │     │                  │     │ confirmation     │
│ secratariat      │     │ Secratariat      │     │                  │     │ respectively     │
└──────────────────┘     └──────────────────┘     └──────────────────┘     └──────────────────┘
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FIGURE 1: SIMPLIFIED PROCESS (REFER TO PROCESS DIAGRAM IN APPENDIX)

1. Assess the variation (Impact of the change)

Step	Action
1	Assess the allocation change, making sure you consider: • The project background • what has led to the price level adjustment (PLA) or cost/scope adjustment (CSA) • reconcile SAP and TIO data (especially the financial and forecast) • what variation to the funding is needed (confirmed with Activity Class Manager, and Treasury & Cashflow) • any additional scope • optioneering around options available (will depend on the scale of the PLA/CSA) • previous decisions and conditions or restrictions as outlined, and reconciled • risks and mitigations • cashflow requirements • whether contingencies have been used, or additional contingencies are needed • lessons learned • next steps. You can find more details about these considerations in the [Variation request form](#).
2	When you've calculated the total additional funding required, ensure you have accounted for any additional internal costs with this figure (for Waka Kotahi, this is excluding the Transport Services administration cost, which is included automatically during the upload to TIO).

2. Enter details into SAP and TIO

Step	Action
1	Enter the details of the variation request into the SAP Review Screen. Note: SAP is only used for Waka Kotahi projects. Approved Organisation (AO) submitters will enter these details into their own system.
2	To enter the variation request details into TIO: <table><tr><th>For…</th><th>do the following…</th></tr><tr><td>Waka Kotahi projects</td><td>in SAP, adjust the project forecast to reflect the variation amount (Note: TIO adds an additional admin fee, figures in SAP are excluding admin fees)</td></tr><tr><td>variation requests from AOs</td><td>manually enter the variation details into TIO, inclusive of administration.</td></tr></table>

3. Work with the required teams Portfolio/ Programme/ Project Controls, Business Case Process team and the Activity Class Manager

Step	Action
1	Engage with the following team(s), depending on the size of the adjustment:

If the PLA/CSA is…	then …
a small variation only	- only the Project Control team needs to be involved - go to Step 2.
a *significant* scope or price change, that is a project cost > $15M, **• with** <table><tr><th>A Project Value of …</th><th>… and a Variation of</th></tr><tr><td>greater than $15M</td><td>20%</td></tr><tr><td>greater than $50M</td><td>10%</td></tr><tr><td>greater than $100M</td><td>greater than $10M</td></tr></table> **OR** a component of retrospective costs, **OR** a significant scope change (i.e. additional scope that does not contribute to overall GPS priorities; additional scope added to mitigate risks/consenting)	- the Project Control team, Business Case Process team (*only for WK projects*) and the Activity Class Manager need to be involved - Local Government Partnerships team **OR** Business Case Process team to decide the significance of performing an IQA assessment on the variation request - go to Steps 2 and 3.

Note: If you're unsure who to inform or consult if your variation might be *significant*, contact businesscaseprocess@nzta.govt.nz for advice.

Step	Action
2	Work with the Portfolio/ Programme/ Project Controls to make sure all requirements are met. - They are there to support and guide you through the whole process - Evaluate and QA (quality assurance) the variation request in SAP and TIO - If your project is a part of separate programme (such as SIP, NZUP, etc.), the PMO/Project controls team of this programme needs to be involved and aware of the variation.
3	If required, work with the Business Case Process team *(only for WK projects)* to populate the recommendation fields in TIO. Note: The Business Case Process team or Local Government Partnerships team will discuss the variation request with Investment Assurance if: - there has been a significance policy breach (e.g., reputational, financial, precedent), or - the risk or complexity of the project warrants it.

4. Fill out Variation request form and send to Project Sponsor

Step	Action
1	Fill out the Variation request form, using the figures output by TIO where required (e.g. Cashflow (Y1, Y2, Y3,...); Total project cost including admin, etc.).
2	Upload relevant confirmation e-mails as supporting documents into TIO. *Note: In the future state process we should aim to include populating the "lessons learned database".*
3	Go through the Variation request checklist (PLA or CSA) on page 11 and make sure you've completed all the requirements.
4	Contact the Project Sponsor to obtain signoff of the variation request.

5. Email Activity Class Manager for priority confirmation/ allocation

Note: This procedure can be completed before or after Project Sponsor signoff is obtained. ACMs and Treasury & Cashflow can be engaged once there is a reasonable degree of certainty with the cash flows.

Step	Action
1	<table><tr><td>For…</td><td>do the following…</td></tr><tr><td>Waka Kotahi projects</td><td>forward the recommendations and funding requirements to the relevant Activity Class Manager (ACM) via email (ACMinbox@nzta.govt.nz) for priority confirmation/allocation</td></tr><tr><td>Variation requests from AOs</td><td>• forward the recommendations and funding requirements to the relevant Activity Class Manager (ACM) via email (ACMinbox@nzta.govt.nz) for priority confirmation/allocation, and • confirm funding availability from the AO.</td></tr></table> Note: • [This document](#) will help identify which ACM to contact. Make sure you are requesting the total amount – including admin (reconciled to SAP and TIO). • If uncertain which ACM to contact, include the relevant Activity Class in the "subject" of the e-mail and include relevant project details to ensure correct allocation of the e-mail.
2	When you receive the ACM's response: <table><tr><td></td><td>If the ACM…</td><td>then…</td></tr><tr><td>2a</td><td>advises priority confirmation/ allocation</td><td>• upload the ACM's email to the "supporting documents" section in TIO, and • go to 6. Email Treasury & Cashflow (T&C) to confirm funding availability.</td></tr><tr><td>2b</td><td>asks for clarification and/or more detail</td><td>• provide them with the requested information. • Request step 2a</td></tr></table>

6. Email Treasury & Cashflow (T&C) to confirm funding availability

<u>Note</u>: This procedure can be completed before or after Project Sponsor signoff is obtained. ACMs and Treasury & Cashflow can be engaged once there is a reasonable degree of certainty with the cash flows.

Step	Action
1	Forward the variation request to the Manager, Treasury & Cashflow (Martin Shearman, <u>Martin.Shearman@nzta.govt.nz</u>), to confirm funding availability.
2	<table><tr><th>If Treasury & Cashflow…</th><th>then…</th></tr><tr><td>confirms funding available</td><td>• upload the Treasury & Cashflow email to TIO, and • Go to <u>7. Request Project Management Standards to submit the PLA request from SAP to TIO and complete QA if required</u>.</td></tr><tr><td>advises funding not available</td><td>Treasury & Cashflow forward to Finance for final decision. <u>Note</u>: In this situation, AO submitters may be able to arrange for funding from the AO for the variation.</td></tr></table>

7. For Waka Kotahi: Submit the request in SAP and email Project Management Standards to submit from SAP to TIO and complete QA if required

Step	Action
1	• Submit the request in SAP (with the help of project controls team if required) by following the below steps o Change the status of the project under review o Select the funding variation type o Add commentary of the reason for change (make sure it is clear and including the variation amount without admin fees) o Press the Save button • Request Project Management Standards (*projectmanagementprocess@nzta.govt.nz*) to submit the PLA request from SAP to TIO and complete QA if required.
2	Make any changes that are required as an outcome of the PMS QA if required. <u>Note</u>: PMS will submit the updated request from SAP to TIO. <mark>This should be transitioned to senior portfolio controls in the future</mark>

FOR AO's: Have council delegated authority submit variations request for review in TIO, including QA any additional information as required.

8. Send variation request and T&C and ACM funding emails to Delegations Committee

Step	Action
1	Send variation request, T&C confirmation and ACM priority confirmation emails to Delegations Committee (SDD - OPPP-Snr Mgr Delegation sddoppp.delegations@nzta.govt.nz) and make sure that the emails and relevant supporting information are uploaded in TIO
2	*(see table below)*

If the Delegations Committee…	then…
doesn't endorse the request	they will send you an email advising that the variation request has not been endorsed. Waka Kotahi activities must be unsubmitted from SAP if the request was declined.
endorses the request with no conditions/actions	Delegations committee secretary will send the variation request to Finance for approval: *(see sub-table below)*
endorses the request with conditions/actions	• Delegations committee secretary will advise you of the conditions/actions via email • go to 9. Resolve condition(s)/actions then re-send to Programme & Standards.

If Finance…	then Treasury & Cashflow will…
approves the variation request	• approve the request in SAP and TIO, and • send you an email advising that the variation request has been approved
declines the variation request	send you an email advising that the variation request has been declined.

9. Resolve condition(s)/actions then re-send to Programme & Standards

Who: Waka Kotahi Project Manager or Approved Organisation (AO) submitter

Step	Action
1	Resolve the condition(s)/actions imposed by the Delegations Committee.
2	Once the conditions(s)/actions have been resolved: • advise Delegations Secretariat, and • email the variation request back to them with the additional information included. Note: When subsequent conditions are resolved, make sure you also update Treasury & Cashflow.

NZTA Variation request checklist (PLA or CSA)

Make sure you've completed all actions on this checklist before you submit your variation request for inclusion on the Delegations Committee agenda.

Action	✓
The variation request has been made using the current template: Variation request form	
The variation request is a MS Word document.	
The variation request in the system has been quality checked by Project Control.	
The variation request has been reviewed, endorsed, and signed by the Project Sponsor.	
The variation request outlines any previous Board decision / direction (where applicable).	
The variation request identifies the appropriate activity class. (Consult with an Activity Class Manager to make sure there is provision to accommodate the variation request.) The activity is included in the current NLTP. Note: The activity class must remain the same as original funding request.	
The variation request identifies the entire project costs, as well as the cost for this specific application.	

If the variation request is for **NLTF funding**:
 	
• you've confirmed the allocation with an Activity Class Manager (ACM)
• the request has been endorsed by the Manager, Treasury & Cashflow (T&C)
• you've attached emails from the ACM and Manager T&C providing:
    o evidence of funding priority and confirmation
    o evidence of funding availability (funding requested should include admin)
    o any notes or conditions of the funding.
 	
Note: The above emails and documents must be:
 	
• saved in Infohub, with links provided in the *Variation request form*, and
• uploaded into TIO under supporting documents.	

(continued on next page…)

Action	✓

SAP	✓	TIO	✓	Planview	✓
All project-related data correct		All mandatory fields completed (Scope, Total Expected Capital Cost)		Risks and mitigations updated	
Forecast are updated		Cashflows and project costs have been updated and Relevant documents uploaded		Update Commentary in Budget text box in Planview.	
Correct Activity Class		These documents or emails have been uploaded: <table><tr><th>Document/email</th><th>✓</th></tr><tr><td>Variation request form</td><td></td></tr><tr><td>Funding & priority confirmation</td><td></td></tr><tr><td>CFO approval</td><td></td></tr></table>			
Item in SAP		Funding request amount matches CFO approval request			
NLTF or not indicated		Admin has been included in application			
Cashflows and contingencies included					
Email Project Management Standards to submit the PLA request from SAP to TIO and complete QA if required		***Note, TIO fields can change and investment requests may trigger additional information requirements before an application can be made*			

NZTA Variation request process (PLA or CSA)

NZTA Variation request process (PLA or CSA)

Project Manager (PM) or AO submitter

- 1. Assess variation (impact of the change)
- 2. Enter details into SAP* and TIO *AO submitters use own system
- 4. Fill out *Variation request form* and send to Project Sponsor
- 5. Email Activity Class Manager (ACM) for priority confirmation/ allocation
- 6. Email Treasury and Cashflow (T&C) to confirm funding availability
- 7. Submit request in SAP & email Project Management Standards to submit request from SAP to TIO and complete QA if required
- 8. Send variation request and T&C and ACM funding emails to Delegations Committee and upload the emails in TIO
- 9. Resolve condition(s) then inform/re-send to delegations committee
- Draft Board paper (if total project cost over $50m) and seek TS GM endorsement
- Submit Board paper to Board Secretariat

Controls

- 3a. Portfolio/ Programme/ Project Controls support, guide and QA the request through 1 to 8
- Project Management Standards complete QA and submit from SAP to TIO

Project Sponsor

- Review *Variation request form*
- Approved?
  - Y
  - N

Programme and Standards (P&S)

- ACM advises priority confirmation / allocation via email
- 3b. Business Case Process team assess the request and perform IQA if required
- ACM considers request
- More detail / clarification required?
  - N
  - Y
- *If conditions are subsequent, send to Finance now*
- Advise PM / AO submitter of condition(s)
- Send variation request to Investment & Finance (CFO) for approval

Delegation Committee

- *BR165 reserved to National Manager P&S*
- Consider variation request at next meeting
- Request endorsed?
  - Y
  - N
- Conditions?
  - Y
  - N
- Advise PM / AO submitter via email

Treasury and Cashflow (T&C)

- Consider funding availability and advise PM of decision
- Funding is available?
  - N → End
- *PM have the choice to go ahead with the request to delegations or to withdraw*
- Unsubmit the request in SAP and TIO → End
- Approve request in SAP and TIO
- Advise PM / AO submitter via email
- Total project costs >$50m?
  - Y
  - N → End
- Advise PM / AO submitter via email
- Record conditions as closed

Investment and Finance

- *BR153b BR154b BR210*
- CFO considers variation request
- Approved?
  - N
  - Y
- conditions?
  - Y
  - N
- Email PM/ submitter to resolve

Board

- *If it is precedent condition/s, it need to be resolved before the release of funds.*
- *If it is subsequent condition/s, it should be resolved after the release of the funds.*
- *BR153b BR154b*
- Consider variation request at I&D and Board meeting
- Board Secretariat advises PM of outcome → End