30 September 2010

Anita Mazzoleni
Chairperson
Audit and Risk Management Committee
Civil Aviation Authority
PO Box 31441
Lower Hutt

Dear Anita,

Please find attached our report arising from our independent review of Civil Aviation Authority’s (CAA) implementation status of the Office of the Auditor-General’s (OAG) recommendations made to CAA set out in its report The Civil Aviation Authority’s progress with improving certification and surveillance functions dated 29 June 2010. This review was performed in accordance with our Letter of Engagement of 21 September 2010.

We support the approach that the CAA is taking in addressing the OAG’s recommendations as set out in the introductory sections of the Status Report.

We note CAA’s positive response to the OAG’s recommendations in the first quarter of 2010/11 and we consider that demonstrates a commitment by CAA to making real progress to addressing the problems underlying the recommendations. It is pleasing to note that the staff we spoke to were not only talking about changes being made, but also that these changes are going to be long term and their ongoing effectiveness will be monitored. We think that this demonstrates the beginnings of a positive change in CAA’s culture.

We also note and agree that some of the responses and actions to address the OAG’s recommendations will take several years to implement and we consider that the challenge for CAA will be to maintain the momentum and commitment to completing the corrective actions.

I would like to thank the CAA staff for the time and assistance that they have provided during the review.

Yours sincerely,

John O’Connell
Director
Audit New Zealand
Independent review of Civil Aviation Authority’s implementation of the Office of the Auditor-General’s recommendations - Status Report for the period to 6 September 2010

The Civil Aviation Authority’s (CAA’s) Implementation of the Office of the Auditor-General’s (OAG’s) Status report for the period ended 6 September 2010 includes a report (Detailed status of corrective actions in response to the OAG recommendations) about the corrective actions CAA is taking in response to the OAG’s recommendations in their performance audit report – The Civil Aviation Authority’s progress with improving certification and surveillance.

Our review was limited to the OAG’s Recommendations: Detailed Status of Corrective Actions (pages 14 to 36) section of the status report.

The purpose of our review was to confirm the reasonableness of the detailed status of corrective actions reported against the OAG’s recommendations, based on the work that the CAA has undertaken during the period ended 6 September 2010.

A summary of the work that we performed and our conclusion based on that work is set out below.

Summary of work performed

The scope of our review included:

- reviewing whether CAA’s interpretation of the “underlying problem leading to the recommendation” (as set out in the Status Report) is consistent with the OAG findings and recommendations reported in the OAG performance audit report – The Civil Aviation Authority’s progress with improving certification and surveillance;

- enquiries with the Chief Operating Officer about the progress in addressing the OAG recommendations;

- receiving a briefing from the acting Human Resource Manager on the work that has been done to improve staff and management performance;

- receiving a briefing from the General Manager Airlines, who has been responsible for preparing and delivering the three day staff training programme on the updated certification policy; and

- sighting sufficient and appropriate supporting documentation to be satisfied that:
  - the work that CAA noted in the Status Report is an accurate reflection of the work completed by the CAA; and
  - the internal audit assessment and comment is a fair reflection of the CAA’s progress and the current status of their corrective actions.
We performed this engagement in accordance with the New Zealand Institutes of Chartered Accountants International Standard on Assurance Engagement (New Zealand) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Our conclusion

Our review was limited primarily to enquiries of CAA’s personnel and examination of documents and provides less assurance that an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on the work that we have undertaken nothing has come to our attention that causes us to believe that the detailed status of corrective actions information on pages 14 to 36 of the CAA’s Implementation of OAG recommendation - status report is not a fair and reasonable representation of the progress made by CAA during the period ending 6 September 2010.

30 September 2010
John O'Connell
Director, Audit New Zealand