Independent review report

To the readers of Civil Aviation Authority’s Implementation of Office of the Auditor-General’s recommendations – 4th Status Report for the April to June 2011 quarter

The Civil Aviation Authority (CAA) is required to report quarterly on the status of corrective actions it is taking as a result of the Auditor-General’s recommendations in a performance audit report published in June 2010. We carry out an independent review on those quarterly status reports.

Our independent reviews of the first 3 status reports (for the July to September 2010, October to December 2010, and January to March 2011 quarters) were limited to Annex C of those reports that set out the Auditor-General’s recommendations and detailed status of corrective actions against each recommendation. In contrast, our independent review of CAA’s Implementation of OAG recommendations – 4th Status Report (the 4th Status Report) for the April to June 2011 quarter covers the entire report.

The purpose of our review was to confirm the reasonableness of the representations made by CAA in the 4th Status Report, including the detailed status of corrective actions reported against the Auditor-General’s recommendations, based on the work that the CAA has undertaken during the April to June 2011 quarter.

A summary of the work that we performed and our conclusion based on that work, as well as an explanation of our independence, is set out below.

Summary of work performed

The scope of our review included:

- enquiries with CAA staff about the progress in addressing the Auditor-General’s recommendations; and

- sighting sufficient and appropriate supporting documentation to determine the reasonableness of:
  - the comments in the 4th Status Report about the work completed by the CAA; and
  - the internal audit assessment about the CAA’s progress and the current status of its corrective action.

We have also reviewed a sample of the surveillance and certification reviews that the CAA undertook in the first and fourth quarters (i.e. July to September 2010, and April to June 2011) as part of its internal quality assurance, to determine whether there were improvements in staff compliance.
We performed this engagement in accordance with the New Zealand Institute of Chartered Accountants International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Our Conclusion

Annex B of the 4th Status Report on pages A to G contains internal quality measures of surveillance and certification for the April to June 2011 quarter. These internal quality measures have been used to show progress toward implementation of some of the Auditor-General’s recommendations. The measures that have been reported are interim measures, because the CAA intends developing and embedding improved standards and processes, in accordance with the Auditor-General’s recommendations. As a result, the internal quality measures in Annex B are not relevant or meaningful for making a reasonable assessment of the CAA’s progress against the Auditor-General’s recommendations, and therefore could be misleading.

Except for the effect of the matter described in the paragraph above, nothing else has come to our attention that causes us to believe that the representations made by CAA in the 4th Status Report are not reasonable.

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

Our Independence

When carrying out the review, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

We audit the financial statements and statement of service performance of the CAA. Other than this review engagement and the audit of the CAA’s financial statements and statement of service performance, we have no relationship with or interests in the CAA.

John O’Connell
Director, Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
26 August 2011