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21 July 2022

§ 9(2)(a)

New Zealand Taxpayers' Union

§ 9(2)(a)

By email: § 9(2)(a)@taxpayers.org.nz

Tēnā koe § 9(2)(a),

Official Information request and response

Thank you for your request under the Official Information Act ("OIA") dated 7 July 2022.

You have requested:

1. *How many funding compliance audits have NZOA carried out in the past 4 years. Please indicate how many of these were internal audits and how many were external audits?*
2. *Of these, how many, if any, of these audits revealed money being spent in a manner for which the funding was not intended?*
3. *How many audits revealed that recipients of funding were not maintaining and acceptable standard of record keeping?*
4. *How many audits revealed that recipients of funding were not adhering to the terms and conditions of their contracts?*
5. *What was done to remedy the situation in each instance where money was not spent as intended, record keeping was not up to a high enough standard or terms and conditions of contracts not adhered to?*

Please find below our response to your request:

1. Within the period you have requested (7 July 2018 to 7 July 2022), NZ On Air has carried out 17 externally conducted audits on screen productions.

Regarding our Music funding process, successful music funding recipients are internally verified by NZ On Air staff but are not audited. This is primarily due to the volume of music funding applications, the quantum of funding typically provided to these recipients as well as most of these funding strands being provided on a reimbursement basis. All transactions incurred under New Music Projects are verified internally by NZ On Air Corporate Services staff throughout the life of each project. Annually, 20% of New Music Singles and New Music Development recipients are selected for transaction verification by NZ On Air Corporate Services staff.

2. Out of the 17 externally conducted audits, none revealed that NZ On Air funding was being spent in a manner inconsistent with how the funding was intended to be spent.
3. Out of the 17 externally conducted audits, three revealed that selected funding recipients could improve accounting systems and processes to record transactions and payments of their funded project more accurately.
4. Out of the 17 externally conducted audits, none revealed that recipients were not adhering to the terms and conditions of their contracts.
5. As stated above, none of the audits conducted during the period identified that money was not spent as intended under the production budget or that any recipients were not adhering to the terms and conditions of their contracts.

A copy of the audit report is provided to every audited funding recipient. Funding recipients can see exactly how the audit was conducted, whether any issues were identified and any recommendations the auditor may have.

Where the auditor considered record keeping did not meet a high enough standard or where a term of the contract was not adhered to, these issues are identified in both the audit report and final audit letter that is sent from NZ On Air to the recipient.

Where issues have been identified, NZ On Air recommends as part of this final audit letter a range of actions the recipient should take.

These recommendations have included:

- Recommending the use of an appropriate accounting software package to ensure better tracking and coding methods are in place for transactions
- Recommending more regular reviews of transactions and bank statements
- Recommending more frequent and clearer communication with NZ On Air's corporate services staff
- Recommending the use of an external production accountant
- Recommending more accurate retaining of invoices and supporting payment documentation

The results of every audit are discussed and recorded by the NZ On Air Audit and Risk Committee, which meets four times a year.

In two situations, NZ On Air has requested a meeting with recipients to discuss these recommendations in more detail. Following these meetings, a second meeting was held later with the recipients to ensure that the relevant recommendations had been implemented. The intention to hold these meetings and the results of those meetings were noted at the relevant Audit and Risk Committee meetings.

For your information, funding provided by NZ On Air for all successful projects is [searchable](#) on our website. You can also [sign up](#) to receive our regular industry newsletter via our website.

You have the right to refer this response to the Ombudsman if you are dissatisfied with it. More information on how to do this is [here](#). NZ On Air proactively releases information in accordance with the Government's commitment to the Open Government Partnership National Action Plan. This includes publishing responses to requests for information under the OIA. Please note that this response (with your name removed) will be published on the NZ On Air website shortly and will remain on our website for 12 months.

Thank you for your interest in our work.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sharon Kerry', with a long horizontal flourish extending to the right.

Sharon Kerry

HEAD OF CORPORATE SERVICES