
Appendix three – About the audit

Audit objective

This audit assessed the effectiveness of NSW Government agencies' design and implementation of TAHE.

Audit criteria

We addressed the audit objective by assessing whether:

1. the process of designing and implementing TAHE was cohesive and transparent, and delivered an effective outcome
2. agencies' roles and responsibilities were clear in the planning of TAHE
3. agencies effectively identified and managed selected risks.

Audit scope and focus

In assessing the criteria, this audit focused on the design and establishment of TAHE and included:

- the classification of asset owning entities in the government sector accounts from 2012
- NSW Government budgets from 2012
- work of the TAHE Advisory Board, its members and workstreams from 2016 to 2020
- related work conducted by TfNSW and/or Treasury before 2016 (for example, AssetCo and budget estimates/reviews)
- the activities of the TAHE Board in its first year of operation
- TAHE's activities in the first 18 months of its operation.

Audit exclusions

The audit did not:

- re-perform: (1) the work of consultants and (2) financial modelling
- question the merits of government policy objectives.

Audit approach

Our procedures included:

1. interviewing:
 - relevant staff in the audited agencies.
 - stakeholders, industry reference groups and other representatives
2. examining:
 - legislation, government policies, directions and regulations relating to the design and implementation of TAHE
 - strategies, plans, policies, reports, and procedures for managing, and monitoring progress in the design and implementation of TAHE
 - any relevant data pertaining to the design and implementation of TAHE
 - internal audits or reports produced by other bodies/agencies on relevant topics
3. analysing:
 - relevant data pertaining to the design and implementation of TAHE
 - relevant data pertaining to rail safety.

The audit approach was complemented by quality assurance processes within the Audit Office of New South Wales to ensure compliance with professional standards.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by staff at NSW Treasury, Transport for NSW and the Transport Asset Holding Entity.

Audit cost

The estimated cost of this audit is \$840,760.