
Appendix two – About the audit

Audit objective

This audit assessed how effectively Forestry Corporation of NSW manages its public native forestry activities to ensure compliance, and how effectively the Environment Protection Authority regulates these activities.

Audit criteria

We addressed the audit objective by examining the following lines of inquiry and criteria:

1. FCNSW ensures that public native forestry operations comply with the relevant regulatory requirements.
 - FCNSW has a compliance strategy and program setting out its obligations and how they will be managed, and these are reflected in management plans and other key documents.
 - FCNSW ensures that its staff and contractors have appropriate qualifications and training to enable them to meet regulatory requirements.
 - FCNSW coordinates and monitors forestry operations and contractors to ensure compliance with the IFOAs, operational plans and relevant regulatory requirements.
 - FCNSW effectively responds to potential instances of non-compliance (identified by it, the EPA and others) and takes steps to avoid repeat issues.
 - FCNSW measures and reports on its compliance with IFOAs and other regulatory requirements.
2. The EPA effectively regulates public native forestry activities.
 - EPA is implementing an effective compliance strategy and program for public native forestry activities.
 - EPA ensures that its staff have appropriate qualifications, guidance and training to carry out their public native forestry compliance activities effectively.
 - EPA collects and uses the necessary information to inform its public native forestry compliance activities and program.
 - EPA provides guidance, where appropriate, to assist FCNSW staff and contractors in meeting IFOA conditions and other regulatory requirements.
 - EPA measures and reports on the effectiveness of its regulatory activities.

Audit scope and focus

This audit focused on FCNSW's management of public native forestry operations across all four IFOA regions and the EPA's regulation of those operations.

The audit examined:

- FCNSW's management of harvesting contractors, including subcontracted harvesters
- EPA's compliance activities in relation to all IFOAs and related legislation
- details of the EPA's compliance and enforcement activities for public native forestry
- mapping and GPS data in relation to harvest planning and forestry operations.

Audit exclusions

The audit did not examine:

- private native forestry operations
- plantation forestry operations
- FCNSW's management of contractors other than harvesting activities
- EPA regulatory activities outside of public native forestry operations
- compliance with WHS obligations
- development of IFOA conditions for the Coastal IFOA
- development of the three Western IFOAs
- sustainable yield modelling.

Audit approach

Our procedures included:

1. Interviewing key staff at FCNSW and the EPA, including:
 - staff responsible for developing and implementing compliance strategies and programs
 - staff responsible for developing harvest plans
 - staff responsible for training development
 - staff responsible for conducting inspections and compliance monitoring
 - staff responsible for performance measurement.
2. Examining documentation, including:
 - compliance strategies and programs
 - staff training records and courses
 - a sample of harvest plans
 - a sample of compliance data from harvest sites
 - a sample of FCNSW agreements with contractors
 - a sample of complaints handled by the EPA
 - a sample of EPA inspections.
3. Analysing data sourced from FCNSW and the EPA.
4. Fieldwork visits to a selection of State Forests.

The audit approach was complemented by quality assurance processes within the Audit Office 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 Forestry Corporation of NSW and the NSW Environment Protection Authority.

Audit cost

The estimated cost of the audit is \$424,000.