

Appendix 2: About the audit

Audit objective

This audit assessed whether the Office of Strategic Lands (OSL) effectively fulfils its role, and whether it is sustainable over the long-term.

Audit criteria

We addressed the audit objective by asking the two following questions:

1. Does OSL fulfil its role to identify, acquire, manage and dispose of land?
2. Does OSL ensure it is sustainable over the long-term, to meet its objectives?

The first audit question was addressed with the following criteria:

- a) OSL has developed an approach to identifying, acquiring, managing and disposing of lands which aligns with its corporate objectives
- b) OSL has effective governance processes to oversee acquisition and disposal of land
- c) OSL meets its key performance targets and these align with its corporate objectives
- d) OSL engages effectively with other agencies and stakeholders to fulfil its role and to ensure planning strategies are integrated.

The second audit question was addressed with the following criteria:

- a) OSL has assessed its financial capacity to meet its current and future goals
- b) OSL applies an effective strategy to ensure it meets its corporate objectives over the long-term.

Audit scope and focus

This audit focused on:

- OSL policies, processes and systems for identifying, acquiring, managing and disposing of land
- OSL's documentation relevant to acquiring, disposing and managing
- OSL's communication and engagement with relevant agencies and stakeholders
- OSL's processes for building its capacity to ensure it is self-sufficient in the long term
- OSL's governance processes
- OSL's corporate objectives, targets and measures for land management, acquisition and disposal.

To assess a sample of transactions, we made a random selection of transactions that were finalised in 2014–15, 2015–16 and 2016–17.

Audit exclusions

The audit did not assess or question:

- how land is managed once ownership is transferred to another NSW Government agency or local council
- land acquisition and disposal processes in other government agencies
- the merits of government policy objectives.

Audit approach

Our procedures included:

1. Interviewing OSL staff responsible for the acquisition, management and disposal of lands.
2. Examining and analysing key documents, including:
 - plans, reports, policies, procedures, guidelines, processes and systems for identifying, acquiring, managing and disposing of land
 - OSL's communication and engagement with relevant agencies and stakeholders
 - documents which detail OSL's processes for building its capacity to ensure its self-sufficiency
 - documents which detail governance and oversight procedures, and their application
 - documents which detail OSL's methods of forecasting its financial solvency
 - documents relating to OSL's corporate objectives, measures and targets for land management, acquisition and disposal including business or strategic plans that contain targets or performance indicators and measures
 - relevant legislation, government directions and regulations that relate to OSL's role
 - data and documents relating to land holdings and transfers, acquisitions and disposals
 - a sample of transactions covering the acquisition, disposal, transfer and rental of lands
 - information from other jurisdictions that have a similar function.
3. Consulting with other stakeholders including:
 - selection of Sydney councils who are using the care, control and management arrangement with OSL, or have received land
 - New South Wales Government agencies that have been involved in the identification, acquisition, disposal or transfer of land with OSL
 - DPE staff who work with OSL to fulfil its role.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing. The Standard requires 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 the auditing requirements specified in the *Public Finance and Audit Act 1983*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the staff of the Office of Strategic Lands in the Department of Planning and Environment who participated in interviews and provided material relevant to the audit.

Audit team

Sandra Tomasi conducted the performance audit, assisted by Andrew Gill. Tiffany Blackett and Michael Thistlethwaite provided direction and quality assurance. Claudia Migotto and Giulia Vitetta acted as Engagement Reviewers.

Audit cost

Including staff costs and overheads, the estimated cost of the audit was approximately \$220,000.