



# Appendix two – About the audit

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## Audit objective

This audit assessed the effectiveness of the NSW Department of Industry in identifying, prioritising, and aligning course subsidies to the skill needs of NSW.

## Audit criteria

We addressed the audit objective with the following criteria:

1. The NSW Department of Industry effectively identifies and prioritises present and future skill needs.
2. Smart and Skilled funding is aligned with the priority skill areas.
3. Skill needs and available VET courses are effectively communicated to prospective participants and training providers.

## Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. The NSW Department of Industry effectively identifies and prioritises present and future skill needs.
  - a) The Department ensures that sufficient resources are available to identify current and future skill needs.
  - b) The Department identifies skill gaps and shortages using a methodology that is underpinned by research and consultation with key stakeholders and experts.
  - c) The Department prioritises skill needs, both State-wide and by region, and uses this to inform the NSW Skills List.
  - d) The Department regularly evaluates the methodology for identifying and prioritising skill gaps to ensure its effectiveness.
  - e) The Department's approach to identifying and prioritising skill gaps compares favourably to approaches in other jurisdictions.
2. Smart and Skilled funding is aligned with the priority skill areas.
  - a) The Department aligns the courses on the NSW Skills List with identified skill gaps.
  - b) Incentives are available to encourage training providers to offer courses in high priority areas and students to enrol in them.
  - c) The Department regularly evaluates the effectiveness of its funding and incentives and addresses identified issues.
  - d) The Department's approach to aligning funding to skill needs compares favourably to approaches in other jurisdictions.
3. Skill needs and available VET courses are effectively communicated to prospective participants and training providers.
  - a) The Department provides comprehensive and up-to-date information allowing prospective students and VET training providers to make informed decisions regarding priority VET courses.
  - b) All relevant information is easily accessible to prospective students and training providers.
  - c) The Department communicates their decisions to training providers and the rationale for those decisions.
  - d) As part of Smart and Skilled, the Department seeks regular feedback from relevant stakeholders to improve its communication and addresses identified issues.
  - e) The Department's approach to presenting information compares favourably to approaches in other jurisdictions.

This audit focused on the NSW Skill List under the Smart and Skilled program.

## **Audit exclusions**

The audit did not seek to examine:

- regulation of VET training providers
- development of VET course programs
- methodology for setting course fees
- quality of provision of VET courses
- outcomes of the Smart and Skilled program
- funding for VET courses outside Smart and Skilled
- VET Programs for Secondary Students.

## **Audit approach**

This audit involved:

- examination of relevant documents, including policies, strategies, plans, procedures, guidelines, standards, and MoUs
- data analysis
- discussions with key staff in the NSW Department of Industry
- consultation with key stakeholders, including NSW Treasury, the NSW Department of Premier and Cabinet, NSW Skills Board and representatives of VET training providers
- research into better practices
- a comparison with approaches in other jurisdictions where relevant and appropriate.

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 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 from the NSW Department of Industry.

## **Audit cost**

The estimated cost of the audit is \$283,000.