



# Appendix two – About the audit

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## Audit objectives

This audit had two objectives:

1. To assess the effectiveness of the consultation and oversight of the Newcastle Urban Transformation and Transport Program.
2. To assess the economy of the approach chosen to achieve the objectives of the Newcastle Urban Transformation and Transport Program.

## Audit criteria

We addressed the audit objective through the following audit questions and criteria:

1. Was the decision to build light rail an economical option for achieving the objectives of the Program?
  - The rationale for using light rail to achieve the objectives of the Program was clearly identified.
  - The costs, benefits and risks of light rail were compared to other options for achieving the objectives of the Program.
  - Agencies have a plan to measure the impact of light rail on transport and urban renewal outcomes in Newcastle.
2. Has the best value been obtained for the use of the former railway corridor land?
  - The process for decision-making about land use was transparent.
  - The decisions made about land use achieved a balance between the objectives of the Program.
  - The mechanisms used for private development of land achieved the best financial outcomes for the Program.
3. Was good practice used in consultation on key decisions about the Program?
  - The role of the consultation in the decision-making process was explained clearly.
  - Consultation allowed meaningful community and local business participation.
  - Feedback from the consultation informed the objectives of the Program.
4. Did governance arrangements support delivery of the Program?
  - Agency roles and responsibilities for planning the Program were clear.
  - Multi-agency structures supported whole-of-government oversight and delivery of the Program.
  - Probity systems protected the integrity of the Program (actual and perceived).

## Audit Exclusions

The audit did not assess:

- procurement, construction or other detailed project management aspects of the transport infrastructure works that are a part of the Program, such as light rail and the new transport interchange
- areas relating to the Program that were local government responsibilities, such as development applications and zoning decisions
- the merits of decisions made by Ministers or Cabinet.

## Audit approach

Our audit procedures included:

1. Interviewing staff from the audited agencies.
2. Reviewing documents relevant to the Program, including:
  - a) records of consultations conducted
  - b) records of governance and probity systems
  - c) planning and implementation documents.
3. Meeting with people with an interest in the Program, including:
  - a) other NSW Government agencies and Newcastle City Council
  - b) local and regional business and industry representative groups
  - c) local and regional community representative groups.

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 *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

## Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by the audited agencies throughout the audit. We also thank all those from other NSW Government agencies and other stakeholders who met with us to discuss the audit.

## Audit cost

The estimated cost of the audit, including travel and overheads, is \$325,000.