



Appendix three – About the audit

Audit objective

This audit assessed whether Property NSW is effective in its management of NSW Government owned and leased commercial office property.

Audit criteria

We addressed the audit objective with the following lines of enquiry:

1. Is the Property Asset Register for the state accurate and up-to-date?
 - Agencies are complying with the *Property NSW Act 2006* and Premier's Memorandum M2012-20 in ensuring the Register is complete and accurate.
 - Property NSW effectively manages and monitors the Register, and enforces action against agencies, to ensure the Register is up-to-date and accurate.
2. Are all NSW Government owned and leased commercial office property assets being fully utilised to provide government services or meet long-term objectives?
 - Property NSW ensures all commercial office property assets owned or leased by the NSW Government are effectively utilised by government agencies, or are providing an appropriate financial return for the state.
 - Property NSW has developed plans to identify the best use of under- and un-utilised commercial office property, and ensures these are applied.
 - Property NSW has plans in place to identify commercial office property assets to be recycled and to ensure that these assets are recycled as quickly and efficiently as possible.
 - Property NSW works with agencies and other stakeholders to ensure the efficient and effective management of owned and leased commercial office property.

Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. agencies and property assets covered by Premier's Memorandum M2012-20
2. M2012-20 requirements, and whether Property NSW and other government agencies are complying with it
3. if Property NSW is fulfilling its role as the government's central acquisition and disposal agency
4. the accuracy and completeness of the Property Asset Register
5. Property NSW's processes to ensure all owned and leased property assets are fully utilised and adequately maintained for its purpose
6. the identification and management of unutilised or under-utilised generic real property.

Audit exclusions

The audit did not:

- include specific purpose assets that cannot be easily sold or transferred to be used for other purposes (e.g. secure prisons, power stations)
- consider state-owned corporations property management
- consider the maintenance of property assets
- question the merits of government policy objectives.

Audit approach

Our procedures included:

1. Interviewing:
 - relevant Property NSW staff
 - property management staff in a selection of NSW Government agencies that are, or should be, working with Property NSW with a focus on those agencies that have a significant number of or value in generic property assets.
2. Examining:
 - legislation, government policies, directions and regulations, relating to Property NSW's role in managing owned and leased government property
 - communications from Property NSW to NSW Government agencies about the Property Asset Register, M2012-20, leasing, buying and recycling assets
 - Property NSW plans, policies and procedures for maintaining the Government Property Register
 - any relevant data pertaining to property assets
 - annual reports from clusters and other agencies detailing property assets
 - Property NSW plans, policies and procedures for ensuring property assets are fully utilised and recycling unutilised property assets
 - Property NSW plans, policies and procedures on real property assets including the efficient use of these assets and any reviews of agency property portfolios
 - reviewing any relevant internal and external reports
 - memorandums of understanding between Property NSW and other NSW Government agencies
 - reviewing questionnaires, customer surveys and other feedback from other agencies.
3. Analysing data:
 - pertaining to property assets
 - held by other agencies on real property assets, including the utilisation and recycling of property assets.

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 Property NSW. In particular, we wish to thank our liaison officers and staff who participated in interviews and provided material relevant to the audit.

We would also like to thank other stakeholders that spoke to us and provided material during the audit.

Audit cost

Including staff costs, travel and overheads, the estimated cost of the audit is \$385,000.