



# Appendix one – Response from agencies

## Response from Infrastructure NSW, Transport for NSW and Department of Premier and Cabinet



Ms Margaret Crawford  
NSW Auditor-General  
By email  
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14 May 2018

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Dear Ms Crawford

### Re: Performance Audit – Regional Assistance Programs

Thank you for your letter dated 9 April 2018, enclosing a copy of the *Performance Audit – Regional Assistance Programs*.

Infrastructure NSW acknowledges the report's conclusion that it effectively manages how grant applications are assessed and recommended for funding. It is also positive that the report concludes that, together with Transport for NSW and the Department of Premier and Cabinet, applicants are well supported during the process.

Further to our recent discussion, please find attached a combined response from Infrastructure NSW, Transport for NSW and the Department of Premier and Cabinet to the report's recommendations about further improvements to program administration.

This letter supersedes the letter I sent you on 8 May 2018 and constitutes a "whole of NSW Government" response to your office's recommendations.

Yours sincerely,

  
Jim Betts  
CEO  
Infrastructure NSW  
8016 0104

## Auditor General's Recommendations:

1. **By June 2018**, Infrastructure NSW should ensure probity reports address whether all elements of the probity plan have been effectively implemented.

### **Infrastructure NSW Response: Agreed**

Infrastructure NSW will commission an independent review as part of its 2018 Internal Audit Plan.

2. **By June 2018**, Infrastructure NSW and Transport for NSW should maintain and store all documentation regarding assessment and probity matters according to the State Records Act 1998, the NSW Government Standard on Records Management and the relevant probity plans.

### **Infrastructure NSW Response: Completed.**

As noted in the Auditor General's report, both Infrastructure NSW and Transport for NSW have already addressed this recommendation and implemented more robust documents and records management systems.

3. **By December 2018**, Infrastructure NSW should conduct annual audits of compliance with the funding deed for a random sample of projects funded under Resources for Regions and Fixing Country Roads

### **Infrastructure NSW Response: Noted.**

Infrastructure NSW oversees compliance with the Funding Deed by ensuring that the delivery of the project is aligned to the schedules as defined in the Deed. Progress is reported monthly and validated prior to progress payments being made. Recipients must acknowledge compliance with the Deed every month, and must produce a signed completion report at project completion, prior to receiving final claim and retention release.

The Audit clause in the Deed allows Infrastructure NSW to perform health checks on projects in duress or identified as at risk of duress.

Any compliance audits, as recommended, would be additional to the suite of controls currently utilised by Infrastructure NSW to monitor the programs and as such they would be additional cost to the program. To gain the best value from this additional cost, Infrastructure NSW will undertake compliance audits on a risk-assessed basis and not randomly across the programs of works.

4. **By December 2018**, Infrastructure NSW should publish the circumstances under which unspent funds can be allocated to extensions in project scope.

### **Infrastructure NSW Response: Agreed.**

Extensions of scope can only be approved as a change request under the funding deed, and are assessed on a case by case basis where recipients have successfully delivered the original project scope within the allocated budget. Infrastructure NSW will document this process in program guidelines.

Infrastructure NSW response to Auditor General's Recommendations – Regional Assistance Programs

5. **By December 2018**, Infrastructure NSW should measure benefits delivered by projects that were completed before December 2017

**Infrastructure NSW Response: Agreed.**

Consistent with the Restart NSW Fund Act, Infrastructure NSW makes recommendations for use of funds. Projects funded under Restart must have a benefit cost ratio (BCR) of one or more. Infrastructure NSW administers the programs with support from sponsor agencies, Transport for NSW and Department of Premier and Cabinet. Sponsor agencies are responsible for program objectives, guidelines and the measurement of program benefits. Infrastructure NSW will collaborate with the sponsor agencies to ensure that program benefits are reported when each program has fifty percent of projects completed, and then again after program completion. Infrastructure NSW will review reported benefits.

6. **By December 2018**, Infrastructure NSW should implement an annual process to measure benefits for projects completed after December 2017

**Infrastructure NSW Response: Noted.**

Refer to the response to Recommendation 5 above.

7. **By December 2018**, Transport for NSW and Infrastructure NSW should incorporate a benefits realisation framework as part of the detailed application.

**Infrastructure NSW Response: Agreed.**

Refer to the response to Recommendation 5 above.