



# Appendix three – About the audit

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## Audit objective

This audit assessed whether two regional assistance programs - Resources for Regions and Fixing Country Roads - were effectively managed and achieved their objectives.

## Audit criteria

We addressed the audit objective by answering the following questions, each with their own audit criteria:

### Question 1: How well were relevant agencies managing the assessment and funding recommendation process?

1. There was an effective framework for the assessment and recommendation of projects under the Resources for Regions & Fixing Country Roads programs, including whether:
  - a) there was a clear plan for how potential applicants were invited to apply and were supported through the application and assessment process
  - b) applications were assessed and selected with reference to the defined criteria and objectives for the programs
  - c) project specific risks were identified during the assessment process
  - d) effective probity and assurance processes were implemented.

### Question 2: How did the relevant agencies ensure that funded projects were being delivered?

2. There was an effective framework for project monitoring, including whether:
  - a) measurable project milestones were set and monitored for each project
  - b) payment processes adequately assessed claims including those for projects with multiple funding sources
  - c) effective processes were implemented to manage change requests and project delays.
3. Funding deeds effectively managed project risks, including whether:
  - a) the funding deed adequately managed identified risks
  - b) change requests under funding deeds were effectively managed to address risks.

### Question 3: Did the funded projects meet program objectives and project outcomes?

4. Funded projects met the program objectives.
5. There was timely and appropriate assessment of project outcomes and benefits.

## Audit scope and focus

This audit focused on the following timeframes:

Resources for Regions: all funding rounds from 2013–14 through to 2015–16. The first round of Resources for Regions funding (2012–13) was excluded, as was the 2016–17 round which was being assessed during the audit.

Fixing Country Roads: all funding rounds in 2014–15 and 2015–16, but excluded 2016–17 as it was being assessed during the audit.

## Audit exclusions

The audit did not seek to assess the merits of government policy objectives, including the specific objectives and criteria for the programs which were approved by Cabinet. However, we did comment on whether the assessment processes, and projects selected for funding, effectively addressed the criteria established by Cabinet.

## Audit approach

Our procedures included interviewing members of key assessment and advisory groups involved in the Resources for Regions and Fixing Country Roads programs, as well as relevant stakeholders including:

- staff from Infrastructure NSW, Transport for NSW, RMS and staff involved in previous rounds of Resources for Regions funding (via DPC Regional NSW)
- members of the Regional Independent Assessment Panels
- staff from other agencies involved in providing assessment to evaluation panels (such as Treasury NSW, former DTIRIS/Department of Industry staff)
- a range of local government applicants (both successful and unsuccessful) to ascertain their views on the effectiveness of the process.

We reviewed key documentation and reports relating to programs including (but not limited to):

- guidelines, assessment methodologies and other relevant policies for Resources for Regions and Fixing Country Roads
- applications for funding, and documentation relating the assessment and decision making
- monitoring data: e.g. monthly reports
- funding deeds
- milestones and documentation supporting milestones achievement
- project risk assessment tools
- other guidelines to help applicants with applications
- details of briefing sessions provided to applicants
- probity framework documents
- information submitted to or collected when the project is finished (e.g. final reports, etc.)
- documentation on post-implementation project assessment
- terms of reference for people associated with the assessment and or recommendation of projects and minutes of all meetings held
- other reports, reviews, evaluations or internal audits performed on the program/projects
- any memoranda of understanding between agencies which describe roles and responsibilities.

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 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 co-operation and assistance provided by officers of Infrastructure NSW, the Department of Premier and Cabinet, Transport for NSW, the NSW councils we visited and other agencies we interviewed and who provided information to assist our work.

## **Audit cost**

Including staff costs, travel and overheads, the estimated cost of the audit is \$260,000.