



# Appendix five – About the audit

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## Audit objective

This audit assessed the effectiveness of the EPA's regulatory response to water pollution in drinking water catchments and illegal solid waste disposal.

## Audit criteria

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

1. Does the EPA effectively manage water pollution in drinking water catchments? In addressing this line of enquiry, we assessed whether:
  - a) The EPA effectively assesses and monitors water pollution in drinking water catchments for EPA regulated activities defined in the *Protection of the Environment Operations Act 1997*.
  - b) The EPA effectively manages breaches of licence conditions related to water pollution in drinking water catchments.
  - c) The EPA effectively manages water pollution incidents, other than licence condition breaches, in drinking water catchments.
2. Does the EPA effectively manage illegal disposal of solid waste? In addressing this line of enquiry, we assessed whether:
  - a) The EPA effectively responds to illegal solid waste disposal through its regulatory role under the *Protection of the Environment Operations Act 1997*.
  - b) The EPA has achieved the priorities and objectives outlined in the NSW Illegal Dumping Strategy 2014–16.
  - c) The EPA has effectively addressed the seven recommendations made in the June 2017 ICAC report titled 'Investigation into a Regional Dumping Squad Officer and Others' which were not asbestos waste specific.

## Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. The EPA's regulatory framework in relation to solid waste disposal and water pollution.
2. The EPA's response to various reviews including NSW Ombudsman and ICAC, and the EPA's internal reviews.
3. The EPA's implementation of the NSW Illegal Dumping Strategy 2014–16.

## Audit exclusions

The audit did not examine:

- Environmental protection requirements other than solid waste disposal and water pollution. For example, air pollution, noise pollution, and land pollution, as well as littering, recycling, and transportation of waste.
- Performance of other Appropriate Regulatory Authorities under the Act, including local councils.
- The conduct of licensees and other persons or corporations.
- Merits of NSW Government policy objectives.

## Audit approach

Our procedures included:

1. Interviewing:
  - key EPA staff involved in conducting regulatory activities
  - consulting with councils and key stakeholders on the EPA's regulatory activities
  - authors of the 2016 Audit of the Sydney drinking water catchment
2. Examining:
  - EPA procedures and guidance for its regulatory officers for regulating water pollution and illegal solid waste disposal
  - data on the EPA's regulatory activities, such as pollution incidents reported and licence non-compliances detected, audit activity, regulatory actions and data on licences granted
  - relevant EPA management reports for the subject areas relevant to the audit

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 co-operation and assistance provided by the EPA and those stakeholders who participated in the discussions held during the audit. In particular, we wish to thank our liaison officers and the EPA staff who contributed in interviews and provided material relevant to the audit.

## Audit cost

Including staff costs, travel and overheads, the estimated cost of the audit is \$380,000.