



Appendix five – About the audit

Audit objective

This audit examined whether the transaction for the unsolicited proposal for a partial long-term lease of Ausgrid was effectively conducted and in compliance with the government's Unsolicited Proposals: Guide for Submission and Assessment.

Audit criteria

We addressed the audit objective by assessing whether:

1. the decision to proceed with the transaction as an unsolicited proposal was justified
2. the proposal was rigorously assessed and demonstrates value for money was achieved for the people of NSW
3. probity arrangements were in place and assured the integrity of the transaction
4. roles and responsibilities were clear and implemented effectively.

Audit Exclusions

The audit did not seek to:

- disclose details of the previous tender bids.

Audit approach

Our procedures included:

5. Interviewing:
 - staff from DPC and (where relevant) NSW Treasury involved in the Ausgrid unsolicited proposal process and previous tender process.
6. Examining:
 - a) the NSW Government's Unsolicited Proposals: Guide for Submission and Assessment
 - b) documentation relating to the unsolicited proposal, including the Initial Submission by IFM Investors and AustralianSuper, Assessment Reports, Participation Agreements, probity report, meeting minutes and agendas
 - c) previous tender documentation, including submitted bids, evaluations and related advice to government.

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 staff at the Department of Premier and Cabinet and NSW Treasury.

Audit cost

The estimated cost of the audit is \$358,000.