



Appendix three – About the audit

Audit objective

We examined three participating agencies' compliance with relevant requirements for engaging probity advisers. We also reviewed how effective their use of probity practitioners was in providing the government with value for money. These agencies are Transport for New South Wales, Department of Education and Ministry of Health (the participating agencies).

Audit criteria

We designed our audit procedures to conclude whether, in all material respects the agencies:

- complied with the Procurement Board Direction 'PBD-2013-05 Engagement of probity advisers and probity auditors'
- have effective processes to ensure their use of probity practitioners provides the government with value for money.

Audit procedures

Our audit procedures included:

- meeting key staff involved in managing probity in the delivery of projects and the procurement of probity advisers and probity auditors - e.g. internally appointed probity officers, Chief Procurement Officers and Chief Financial Officers
- meeting external probity advisers and probity auditors engaged by agencies
- meeting key stakeholders, including NSW Procurement, Independent Commission Against Corruption and Infrastructure NSW
- examining relevant documents, including relevant probity policies and procedures, probity management processes and controls, probity plans, probity reports, meeting minutes, contracts, agreements and financial transactions relating to probity services
- collecting and analysing data related to the use of probity advisers and probity auditors
- testing a sample of projects used internal probity resources or external probity advisers and probity auditors.

Additionally, we surveyed the largest 40 NSW Government agencies (the top 40 agencies) to better understand agency use of probity advisers and probity auditors across the NSW Government sector. These survey responses are self-assessments and have not been audited.

Audit methodology

Our audit methodology is designed to satisfy Australian Audit Standard ASAE 3100 Compliance Engagements and 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 cooperation and assistance provided by the participating agencies and the top 40 agencies, as well as those stakeholders who participated in the discussions held during the audit.

Audit cost

Including staff costs and overheads, the estimated cost of the audit is \$233,000.