
Appendix five – About the audit

Audit objective

This audit assessed whether selected local councils have effectively assessed and determined development applications, and whether selected councils and DPE effectively support independent planning panels to determine development applications in compliance with relevant legislation, regulations, and government guidance.

Audit criteria

We addressed the audit objective by considering the following audit questions and criteria

1. Assessments: have selected councils assessed development applications effectively and in line with relevant legislation, regulations and government guidance?
 - a) Governance, risk management and internal controls are in place to ensure council assessments and recommendations are free from improper influence and bias.
 - b) Processes and procedures are in place to ensure development applications are assessed by councils in compliance with legislation, regulations and other guidance.
 - c) Councils have processes in place to deliver consistent, quality assessments of development applications.
2. Determinations made by council: have selected councils determined development applications effectively and in line with relevant legislation, regulations and government guidance?
 - a) Governance, risk management and internal controls are in place to ensure determinations made by councils are consistent, impartial, documented and transparent.
 - b) Determinations by councils have been made in line with relevant legislation, regulations and government guidance.
3. Supporting independent planning panels to determine development applications: Are independent planning panels¹² effectively supported to determine development applications from selected councils?
 - a) Selected councils effectively support local planning panels to determine development applications.
 - b) DPE effectively support Sydney and regional planning panels to determine development applications.
 - c) Decisions and their rationale are documented and accessible.

Audit scope and focus

In assessing the criteria, we checked the following aspects:

- Local and regional development applications assessed by council and determined by council or a planning panel during the 2019–20 and 2020–21 financial years
- Development assessments completed by councils or their consultants
- Development application modifications
- LEP Clause 4.6 variations from the development standards.

¹² Local Planning Panels and Regional Planning Panels.

Audit exclusions

This audit did not assess:

- complying and exempt development
- development applications determined by the Minister
- making of planning instruments or rezoning proposals
- pre-lodgement and lodgement processes
- enforcement action
- merit outcomes of decisions made in the Land & Environment Court
- merit of decisions made by independent planning panels
- Independent planning panel's meeting conduct.

Audit approach

Our procedures included:

1. interviews with:
 - council planning staff responsible for assessing development applications
 - council planning staff responsible for determining development applications
 - council governance staff responsible for managing conflicts of interest
 - council and DPE secretariat staff responsible for supporting independent planning panels to determine development applications
 - other relevant stakeholders to the audit, including independent planning panel Chairs, Local Government NSW, ICAC, NSW Ombudsman, Planning Institute of Australia (NSW)
2. examining documents and data from audited councils and DPE:
 - policies, procedures and or protocols for:
 - assessing and determining development applications
 - managing conflicts of interest
 - Code of Conduct
 - compliance and conflicts of interest registers
 - overall development application data and outcomes
 - relevant internal reviews undertaken by councils or planning panels
3. undertaking a detailed examination of a sample of at least 25 development applications files per council of development application files assessed and determined between 1 July 2019 and 30 June 2021
4. understanding and evaluating relevant internal controls.

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 *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by the audited councils and the Department of Planning and Environment. In particular, we wish to thank our liaison officers and staff who participated in interviews and provided material relevant to the audit.

Audit cost

Including staff costs, travel and overheads, the estimated cost of the audit is \$735,000.