

---

# Appendix three – About the audit

## Audit objective

This audit assessed whether the processes used by the Department of Customer Service (the department) to directly negotiate to procure the services of Duncan Solutions relating to the Park'nPay app complied with relevant government policies and requirements that applied at the time.

## Audit scope and focus

In doing so, the audit focussed on the process adopted by the department in:

- deciding to adopt a direct negotiation procurement strategy
- negotiating, awarding and managing the contract with Duncan Solutions.

## Audit criteria

We addressed the audit objective with the following criteria:

1. The department complied with relevant requirements, including under the NSW Procurement Policy Framework for NSW Government Agencies before deciding to undertake a direct negotiation procurement strategy.
  - a) The decision was supported by a procurement strategy that addressed in detail the justification for and suitability of the selected procurement method, including a comprehensive analysis of the market and all relevant factors to demonstrate that a competitive process was not needed.
  - b) The decision was supported by a risk assessment for the procurement strategy.
  - c) The decision was supported by an assessment of how the selected method would achieve value for money.
  - d) The decision complied with the department's internal delegations and policies.
2. The department complied with relevant requirements, including under the NSW Procurement Policy Framework for NSW Government Agencies for engaging the service provider.
  - a) The engagement complied with a tender evaluation plan, including how value for money would be determined.
  - b) The engagement complied with a probity plan, including how potential conflict of interest and confidentiality would be managed.
  - c) The engagement complied with a contract management plan, including extending the contract to a fourth year.
  - d) The engagement complied with the *Government Information (Public Access) Act 2009*.
  - e) The engagement complied with the department's internal delegations and policies.

## Audit exclusions

The audit did not:

- question the merits of Government policy objectives
- assess the performance and effectiveness of the Park'nPay app
- assess whether the services provided by Duncan Solutions represented value for money
- assess whether the contract with Duncan Solutions affected competitiveness or contestability in the payment process market.

However, we have commented on these issues where they affected our findings to provided context.

## Audit approach

Our procedures included:

1. Interviewing:
  - a) key personnel from the department associated with the selection of the direct negotiation procurement strategy for services relating to the Park'nPay app
  - b) key personnel from the department associated with the procurement of services from Duncan Solutions relating to the Park'nPay app.
2. Examining:
  - a) documentation provided by the department for the selection of the direct negotiation procurement strategy for services relating to the Park'nPay app
  - b) documentation provided by the department for the procurement of services from Duncan Solutions relating to the Park'nPay app.

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 Auditing 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 staff from the Department of Customer Service.

## Audit cost

The cost of the audit was \$270,000.