
Appendix three – About the audit

Audit objective

This audit assessed how effectively the Department of Regional NSW and Resilience NSW administered rounds one and two of the Bushfire Local Economic Recovery Fund (BLER).

Audit criteria

We addressed the audit objective with the following criteria:

- The agencies effectively planned administration of the BLER and established appropriate guidelines
 - The agencies established effective plans for administration at the outset of the BLER.
 - The agencies clearly defined program objectives for the BLER.
 - The agencies established effective guidelines for the BLER at the outset of each stream of the program, and these aligned with program objectives.
 - The agencies communicated effectively with potential proponents.
- Criterion 2: The agencies implemented an effective assessment process for the BLER
 - Conflicts of interest were declared and managed.
 - Established guidelines and procedures were followed in assessing proposals.
 - Successful proposals were approved in line with delegations.
 - The agencies entered into agreements with successful candidates.
- Criterion 3: The agencies are effectively monitoring implementation of projects and program outcomes
 - The agencies are monitoring implementation against funding agreements, including the ability for those projects to meet target completion rates.
 - The agencies are monitoring program level outcomes and have planned an evaluation.

Audit scope and focus

The audit focused on the department's design of the BLER program, the effectiveness of its assessment process and monitoring activities performed.

The audit scope included:

- governance arrangements and risk management activities performed
- program set up including design of guidelines, criteria, and communications strategy
- assessment processes conducted
- monitoring and reporting at both a project and program level

Audit exclusions

The audit did not seek to:

- examine round three of the BLER
- examine the Supply Chain Support Grants stream of the Bushfire Industry Recovery Package
- examine the role of the Commonwealth in the administration of these grants, except to the extent that the decisions of the Commonwealth had a bearing on the audited agencies
- question the merits of government policy objectives.

Audit approach

The audit team conducted the audit in accordance with ASAE 3500 'Performance Engagements' and ASAE 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'. The standards require the audit team comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective.

Our procedures included:

1. interviewing key staff at the Department of Regional NSW and Resilience NSW, including:
 - staff responsible for setting up each stream of the BLER
 - senior staff with responsibility for the BLER.
2. examining key sources of documentation including:
 - program risk register and risk reporting
 - briefings to senior executives and ministers
 - program guidelines and guidance to staff
 - assessment process documentation, including assessment outcomes
 - decision-making documentation, including ministerial correspondence
 - conflict of interest declarations
 - a sample of funding deeds
 - a sample of payments under the program
 - a sample of reports on project status.
3. analysing data, including data relevant to grant distribution.

To evaluate the funding deeds and monitoring arrangements in place for the funded projects, the audit checked the relevant documentation for all Fast-Tracked grants and a sample of SDG and open round grants.

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 co-operation and assistance provided by staff of the Department of Regional NSW and Resilience NSW.

Audit cost

The estimated cost of this audit is \$547,000.