
Appendix two – About the audit

Audit objective

This audit assessed whether Transport for NSW:

- conducted an effective process to purchase 4–6 Grand Avenue, Camellia, and
- has effective processes and procedures to identify the property required to deliver the NSW Government's major infrastructure projects.

Audit scope and focus

We addressed the audit objective by assessing against the following criteria and sub-criteria. The audit examined whether:

1. Transport for NSW's acquisition of the 4–6 Grand Avenue was consistent with the objectives for the Parramatta Light Rail project.
2. Transport for NSW's acquisition of the 4–6 Grand Avenue was consistent with the requirements of the *Land Acquisition (Just Terms Compensation) Act 1991*.
3. Transport for NSW identified and managed risks relevant to the acquisition of the Camellia property, and considered reasonable alternatives to the purchase. This includes:
 - a) effective governance arrangements to support identification and management of risk
 - b) effective processes to support identification and management of risk in the acquisition of complex parcels of land.
4. Transport for NSW had effective probity processes throughout the acquisition of the Camellia property.
5. Transport for NSW had policies, processes and systems in place that supported the effective acquisition of the Camellia property and the demonstration of value for money for government expenditure.

Consistent with the Minister for Transport's request that forms the basis for this performance audit, the scope of the audit will be limited to the acquisition of 4–6 Grand Avenue, Camellia and the processes and procedures that were in place at this time. This includes TfNSW's participation in the competitive Expression of Interest process.

Audit exclusions

The audit did not:

- conduct any assessment of the property vendor, its processes or its activities
- assess processes undertaken since the acquisition of the property for the remediation and development of the site
- question the merits of government policy objectives as they relate to the Parramatta Light Rail or the acquisition of property for public purposes.

Audit approach

Our procedures included:

1. Reviewing documentation accumulated by TfNSW for the purpose of meeting NSW Parliament call for documents in connection with the acquisition of the property.
2. Identifying additional material and making specific requests for documentation from TfNSW and other NSW Government agencies or relevant TfNSW advisers to the acquisition (including, at a minimum, the TfNSW legal adviser and probity adviser to the acquisition).
3. Reviewing documented (and understanding any undocumented) policies, processes and procedures for the acquisition of property for public purposes, including managing compliance with the *Land Acquisition (Just Terms Compensation) Act 1991*, with a view to identifying any risks, gaps or weaknesses in those policies, processes and procedures which may have contributed to identified issues with the 4–6 Grand Avenue, Camellia acquisition.
4. Comparing processes undertaken for the 4–6 Grand Avenue, Camellia acquisition against approved policies, processes and procedures to identify if any instances of non-conformance which may have contributed to identified issues with the 4–6 Grand Avenue, Camellia acquisition.
5. Interviewing TfNSW leadership and staff involved in the acquisition of the site (including the attempted acquisition in 2015) and TfNSW policy and process owners for the acquisition of land for public purposes.
6. Considering lessons learned from the 4–6 Grand Avenue, Camellia transaction, and proposing advice for improvement to TfNSW policies and procedures.

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 current and former TfNSW staff.

Audit cost

The approximate cost of this audit is \$351,288.