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# Appendix two – About the audit

## Audit objective and criteria

This audit assessed how effectively the Department of Planning, Industry and Environment (DPIE) and the Department of Regional NSW (DRNSW) managed the 2019 and 2020 machinery of government changes to achieve intended outcomes and benefits.

We addressed the audit objective with the following criteria:

1. DPIE and DRNSW have integrated new responsibilities and functions in an effective and timely manner.
  - a) Detailed plans and timelines were established to implement the machinery of government changes.
  - b) The implementation of the machinery of government changes met planned timelines.
  - c) Governance arrangements were established to oversee implementation and to ensure benefits and outcomes are being met.
  - d) Central agency support and governance assisted DPIE and DRNSW to implement the machinery of government changes in an effective and timely manner.
2. DPIE and DRNSW can demonstrate the costs of the machinery of government changes.
  - a) Costs (including staff, ICT, property, branding and other direct costs) associated with machinery of government changes can be identified by agencies.
  - b) The costs of the machinery of government changes can be reasonably estimated.
  - c) DPIE and DRNSW have achieved or are achieving efficiencies where they were identified prior to implementation.
3. The machinery of government changes have achieved or are achieving intended outcomes and benefits.
  - a) Intended benefits and outcomes of the machinery of government changes were articulated.
  - b) DPIE and DRNSW can demonstrate they have achieved or are working towards achieving intended benefits and outcomes of the machinery of government changes.

## Audit exclusions

The audit excluded:

- Examining the costs, intended benefits, or implementation approach to machinery of government changes across the whole NSW Government.
- Commenting on the merits of NSW Government policy.

## Audit approach

Our procedures included:

1. Interviewing senior executive staff from DPIE, DRNSW, DPC and NSW Treasury who were:
  - Directly involved in the implementation of the machinery of government changes.
  - Leading units that were affected by the machinery of government changes.
2. Internal and public documents associated with the machinery of government changes, including:
  - Administrative Changes Orders that relate to the machinery of government changes assessed.
  - Manuals or guides for agencies implementing machinery of government changes.
  - Project management documents for the implementation phase of the machinery of government changes, such as plans, timelines, meeting minutes and risk registers.
  - Data showing any costs associated with the machinery of government changes.
  - Reports on the outcomes and benefits of the machinery of government changes.

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 at the Department of Planning, Industry and Environment, the Department of Regional NSW, the Department of Premier and Cabinet, and NSW Treasury.

## Audit cost

The estimated cost of the audit was approximately \$430,000.