
Appendix two – About the audit

Audit objective

This audit assessed the effectiveness of SafeWork NSW in monitoring and enforcing compliance with the *Work Health and Safety Act 2011*.

Audit criteria

We addressed the audit objective by examining the following audit criteria:

1. Does SafeWork NSW have evidence-based processes to set its objectives and priorities for monitoring and enforcing compliance?
 - a) Operational feedback and expertise are included in relevant processes.
 - b) Existing and emerging risks are assessed as part of priority-setting processes.
 - c) Objectives and priorities take into account the resources required, including workforce skill and capacity.
2. How effectively does SafeWork NSW measure and report its performance in monitoring and enforcing compliance against the WHS Act?
 - a) SafeWork NSW has meaningful performance measures for its compliance functions.
 - b) SafeWork NSW transparently reports its performance in exercising its compliance functions.
 - c) SafeWork NSW uses measurement and reporting processes to support continuous improvement and quality assurance.
3. Are SafeWork NSW's policies and procedures for monitoring and enforcing compliance applied consistently across different sectors?
 - a) Policies and procedures are aligned with regulatory good practice.
 - b) Decision-making is in accordance with any legislative, policy, practice requirements, or written delegated obligations.

Audit scope and focus

SafeWork NSW states that it offers:

- advice on improving work health and safety
- provides licenses and registration for potentially dangerous work
- investigates workplace incidents and enforces work health and safety laws in New South Wales.

The audit scope focused on examining the effectiveness of SafeWork NSW in undertaking its core regulatory and compliance roles.

Audit exclusions

The audit did not seek to:

- examine the merit of decisions made by SafeWork NSW on individual compliance and enforcement cases
- examine issues of organisational culture, or the effectiveness of SafeWork NSW's educational functions. These areas are however within the scope of the Independent Review into SafeWork NSW.

Audit approach

Our procedures included:

- Interviewing SafeWork NSW staff, such as:
 - Management staff to understand the overall context that SafeWork NSW operates in, key decisions made, and the application of policies and processes.
 - Inspectors to understand the impact of policies and procedures, how they are applied in practice, and unintended consequences of decisions made.
 - Data custodians to understand the operating context of SafeWork NSW and how it uses available data and the systems used to capture it.
- Interviewing broader sector stakeholders including:
 - Industry peak bodies to understand the extent to which SafeWork NSW has used sector feedback as part of prioritising risks, and perspectives of the effectiveness of SafeWork NSW as a regulator.
 - Unions to understand the extent to which SafeWork NSW has used employee and peak body feedback as part of prioritising risks, and perspectives off the effectiveness of SafeWork NSW as a regulator. Union consultation will also provide qualitative feedback on the extent to which SafeWork NSW processes and structure have affected workforce skill and training, if at all.
- Examining documents such:
 - SafeWork NSW strategic plans, governance minutes, and evidence papers.
 - Directorate level planning documents.
 - Research and evaluation plans and reports on whole of SafeWork NSW outcomes, individual SafeWork NSW initiatives, and broader sector risks.
 - Policy, process, and compliance documentation, such as triage processes, inspector notes, and memorandum of understanding with relevant agencies.
 - Internal audit reports and external inquiries or investigations that have examined SafeWork NSW.
- Analysing data to triangulate qualitative findings, assess the overall activity of SafeWork NSW, and identify risk areas that require further examination. The main data set used will be the WSMS system, which is the main database used by SafeWork NSW.
- Examining how policies and procedures are applied in practice, with a focus on the consistency of decision-making.

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 at the Department of Customer Service and SafeWork NSW.

In particular, we wish to thank our liaison officers, and the staff who participated in audit interviews and provided materials relevant to the audit.

Audit cost

Including staff costs and overheads, the estimated cost of the audit is \$550,000.