
Appendix two – About the audit

Audit objective

This audit assessed the effectiveness of planning and delivery of major capital works to meet demand for health services in NSW.

Audit criteria

We addressed the audit objective by assessing agencies against the following criteria:

1. The Ministry of Health has effective procedures for planning and prioritising investments in major health capital works.
2. Health Infrastructure develops robust business cases for major capital works that reliably inform government decision making.
3. Health Infrastructure has effective project governance and management systems that support delivering projects on time, within budget and achievement of intended benefits.

Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. The Ministry of Health has effective procedures for planning and prioritising investments in major health capital works that:
 - a) are transparent, reliable, and evidence-based
 - b) effectively assure capital priorities are reliable and have the greatest merit.
2. Health Infrastructure develops robust business cases for major capital works that reliably inform government decision making by demonstrating:
 - a) robust, transparent processes and controls for evaluating options, costs and benefits
 - b) compliance with NSW policies and guidelines and good practice
 - c) advice on recommended solutions is supported by rigorous assessments of all options.
3. Health Infrastructure has effective project governance and management systems that support delivering projects on-time, within budget and achievement of intended benefits demonstrated by:
 - a) effective oversight of compliance with policies, guidelines and good practice
 - b) effective monitoring and reporting on project progress, cost and quality
 - c) effective monitoring and management of risks to planning and delivery of projects.

This audit focused on health capital works worth \$10.0 million or more.

Audit exclusions

The audit did not:

- examine whole-of-government prioritisation processes supporting NSW State Budget deliberations
- examine statewide inter agency strategic planning initiatives for growth, regional, and local government areas
- examine the probity and management of tender processes
- examine contract management capability and systems
- validate the assumptions of service and capital priorities identified by LHDs/SHNs
- examine detailed asset management and maintenance activities
- question the merits of government policy objectives.

Audit approach

Our procedures included:

- interviews with key staff and senior officers
- examining relevant documents for prioritising health capital works including:
 - asset strategic plans
 - prioritisation frameworks and related policies
 - Ministry analyses and assessments
 - executive management, ministerial and/or Cabinet briefings
- examining documents for developing and delivering major capital projects including:
 - business cases
 - analyses of options/benefits
 - project governance, management and monitoring reports
 - related advice to government including ministerial/Cabinet briefings
 - detailed documentation for a selection of projects
- analysing agency data and/or reports relating to the progress major health capital projects.

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* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by NSW Health.

Audit cost

The estimated total cost of the audit is \$420,000.