Appendix four – About the audit

Audit objective
The objective of this performance audit is to assess the integrity of the assessment and approval processes for NSW Government grant programs.

Audit criteria
The audited agencies’ performance is assessed against the following audit criteria:

• grant assessment and approval processes were consistent with relevant legislative requirements
• grant applications were assessed and approved in line with program objectives.

Audit scope and focus
The grant programs that are the focus of this audit are:

• Stronger Communities Fund (round two tied grants round) administered by the former Office of Local Government (OLG)
• Regional Cultural Fund which was administered by Create NSW within DPC, and previously administered by the former Department of Planning and Environment.

Both of these programs were administered during the 2017–18 and 2018–19 financial years. At that time, OLG was a stand-alone government agency but is now part of the Department of Planning and Environment (DPE). Create NSW is a division of DPC that now has oversight of the Regional Cultural Fund. DPC also has responsibility for the NSW Government Good Practice Guide to Grants Administration. The two audited agencies are DPE and DPC.

Audit exclusions
The audit did not:

• examine other stages of grants administration processes, including entering into funding agreements, monitoring or acquittal of grants and evaluation of grant programs
• examine other NSW grant programs
• question the merits of government policy objectives.

Although the audit report comments on some of these to provide context.

Audit approach
Our procedures included:

1. interviewing staff involved in administering the grant programs
2. interviewing other stakeholders
3. reviewing documents and web-based materials related to the grant programs
4. reviewing other documents relating to grant administration more broadly, including relevant legislation
5. reviewing documents related to the Parliamentary Inquiry into Integrity, efficacy and value for money of NSW Government grant programs which was underway at the time of the audit.
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 from the Department of Planning and Environment and the Department of Premier and Cabinet.

Audit cost

Total cost of this audit, including disbursements, is $640,000.