
Appendix two – About the audit

Audit objective

This audit assessed whether the Department of Regional NSW is effectively administering the Regional Digital Connectivity program (RDCP) to meet program objectives.

Audit criteria

In order to meet the objective of this audit we assessed the following criteria:

1. the Department of Regional NSW (the department) effectively identifies priority areas to target RDCP funding
2. the department effectively distributes RDCP funding in line with program objectives
3. the department effectively measures the performance of the RDCP.

Audit scope and focus

We addressed the audit objective with the following audit sub-criteria.

The department:

- obtains relevant data to identify priority areas
- uses a consistent process to identify areas to prioritise funding
- ensures the integrity of the selection of priority areas
- uses an overarching strategy to guide distribution of RDCP funding in line with identified priorities
- has designed guidelines and funding opportunities in line with strategic objectives
- has established effective governance arrangements to guide RDCP funding
- distributes funding to identified priority areas
- monitors expenditure and work of grant recipients to ensure the RDCP is delivered as planned
- has established appropriate performance measures for the RDCP
- is collecting data in line with its performance measures
- is meeting its performance objectives for the RDCP
- has planned or performed an evaluation of the RDCP and made appropriate changes to the program in response.

Audit exclusions

The audit did not seek to:

- examine Commonwealth grant administration and funding decisions
- examine the following RDCP projects:
 - Farms of the Future
 - Connecting Country Community Fund
 - Smart Regional Spaces
 - Regional Connectivity Program Round 2 mmWave Trial
 - Parkes Special Activation Precinct Connectivity
- question the merits of Government policy objectives.

Audit approach

Our procedures included:

1. Interviewing staff from the Department of Regional NSW, including staff who are responsible for:
 - administering the RDCP and sub-programs
 - governance and risk management
 - grant administration
 - project management
 - acquitting grants expenditure
 - performance measurement and evaluation.The audit involved consultation with other stakeholders including:
 - mobile network operators and telecommunication carriers
 - other government agencies such as the NSW Telco Authority and the Commonwealth Department of Infrastructure, Transport, Regional Development, Communications, and the Arts.
2. Examining the following forms of documentation:
 - business cases
 - documents outlining how priority areas were selected
 - technical and probity advice
 - grant guidelines, assessments, selection reports, and grant agreements
 - documents regarding governance, risk management, and project management
 - conflicts of interest management documentation
 - performance measurement and key performance indicators for the RDCP and sub-programs
 - lessons learned reports
 - evaluation plans.
3. Analysing data, including performance data.

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 the liaison officers from the Department of Regional NSW.

Audit cost

The cost of the audit was approximately \$400,000.