
Appendix three – About the audit

Audit objective

This audit assessed whether responsible agencies effectively assessed and justified major scope changes to the WestConnex project since December 2014.

Audit criteria

We addressed the audit objective with the following audit criteria:

1. Agencies effectively assessed the impact of major scope changes on rationale/need/objectives of the project as a whole.
 - a) New or amended business cases accurately describe business needs and rationale for the scope changes, and were supported by robust information and evidence.
 - b) Business cases for related projects were accurately amended to reflect the impact of changes in scope.
2. Agencies effectively assessed the impact of major scope changes on costs of the project as a whole.
 - a) New or amended business cases accurately described project costs (including related projects).
 - b) Business cases for related projects were accurately amended to reflect the impact of new or amended business cases.
3. Agencies effectively considered the impact of major scope changes on benefits of the project as a whole.
 - a) New or amended business cases accurately described project benefits.
 - b) Business cases for related projects were accurately amended to reflect the impact of changes in scope.
4. Major scope changes completed all required independent assurance reviews.

Audit scope and focus

In assessing the criteria, we checked the following aspects:

Business cases for all stages, including major scope changes of WestConnex, and for related projects which are necessary for WestConnex to fully realise its stated benefits, were effectively developed, independently reviewed, revised and approved.

Major scope changes for WestConnex include:

- Stage 2 Works:
 - replacement of Airport Link with Sydney Gateway (included in the November 2015 business case), and then subsequent removal of Sydney Gateway from WestConnex project
 - reconfiguration of M5 East, including link to the F6 Freeway extension (included in the November 2015 business case).
- Stage 3 Works:
 - realignment of M4 to M5 link, including major intersections at St Peters and Rozelle and connection to the Western Harbour tunnel project (included in the November 2015 business case) and the subsequent deletion of the Camperdown intersection
 - the removal of the Parramatta Road Urban Amenity Improvement Program from the scope of WestConnex Stage 3.

Related projects include:

- the now separate Sydney Gateway project
- the WestConnex Network Integration Program.

Audit exclusions

The audit did not seek to question the merits of government policy objectives. However, we may comment on these issues where they affect our findings or to provide context.

If warranted, we could change the audit objective, scope or criteria during the course of the audit. If we feel this is necessary, we would have discussed any planned changes and the reasons for them with the agency before finalising.

Audit approach

Our procedures included:

- a) interviewing key personnel from Transport for NSW (TfNSW) associated with scope changes on the WestConnex project, the Sydney Gateway project, and projects related to WestConnex such as the WestConnex Network Integration Program
- b) interviewing key Infrastructure NSW (INSW) personnel associated with managing or conducting assurance reviews conducted under the governments Infrastructure Investor Assurance Framework on the WestConnex project, Sydney Gateway project, and projects related to WestConnex such as the WestConnex Network Integration Program
- c) the audit involved consultation with other stakeholders including Department of Premier and Cabinet and NSW Treasury
- d) examining documentation relating to decisions made by TfNSW in relation to scope changes on the WestConnex project, the Sydney Gateway project, and projects related to WestConnex such as the WestConnex Network Integration Program including business cases and their supporting documents
- e) examining documentation relating to assurance reviews carried out by INSW in relation to scope changes on the WestConnex project, the Sydney Gateway project, and projects related to WestConnex such as the WestConnex Network Integration Program
- f) examining submissions to Cabinet relating to scope changes on the WestConnex project, the Sydney Gateway project, and projects related to WestConnex such as the WestConnex Network Integration Program
- g) analysing data such as traffic studies, and cost estimates prepared to support business cases and any resultant submissions to Cabinet as well as financial/economic studies.

We also examined documentation from other stakeholders obtained throughout the audit such as research and studies, statistical data and analysis.

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 1983*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by staff from Transport for NSW and Infrastructure NSW.

Audit cost

The total cost of the audit is \$800,000.