



INSIGHTS FOR BETTER GOVERNMENT

30 JULY 2021

# Annual work program 2021–24



# Auditor-General's introduction

The Audit Office holds a privileged position as one of a small number of independent agencies that provide the checks and balances integral to our system of government.

Our core business is the conduct of audits, and our aim is to provide the New South Wales Parliament and the entities we audit with broader insights that inform and challenge government to improve outcomes for the community.

This plan is published at a very challenging time for the state government, for local councils and the university sector. Each are managing and responding to the impact of the COVID-19 pandemic, along with the consequences of other emergency events. And cyber security remains a key risk for all three sectors.

Recognising the pressures that arise from these challenges, the role of audit is to provide assurance that responses are timely, evidence based, well targeted, and effective. While speed of delivery is important, this must be appropriately balanced with a keen focus on:

- value for money and the appropriate use of public money
- risk identification and mitigation
- good governance and controls
- comprehensive record keeping
- transparency, and
- evaluation.

These considerations have framed our Annual Work Program for this year and the three-year outlook. And the program has left room for adjustment to respond to specific requests or emerging issues of significant public interest.

We have consulted broadly in the development of this program. We welcome any additional feedback on its content and on our approach to ensure our work continues to be relevant and to have a positive impact on public sector performance and financial management.



**Margaret Crawford**

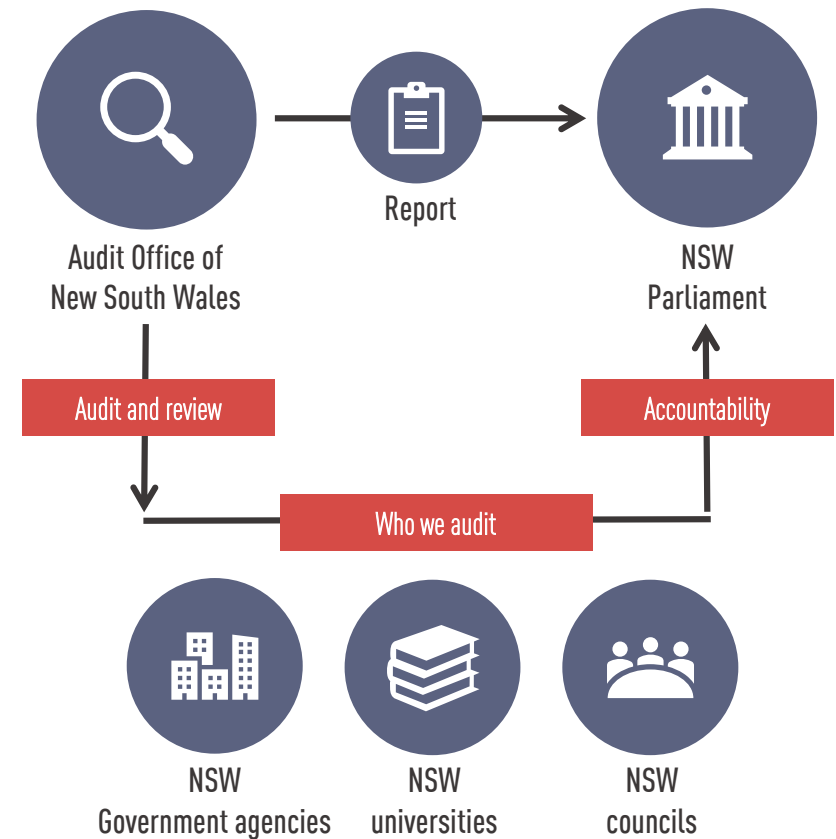
Auditor-General for New South Wales

30 July 2021

## WHAT WE DO

The Auditor-General reports to the New South Wales Parliament and is responsible for audits and related services. These audits aim to help hold government accountable for its use of public resources.

The Audit Office conducts financial and performance audits, principally under the *Government Sector Audit Act 1983* (GSA Act) and the *Local Government Act 1993* (LG Act) and examines allegations of serious and substantial waste of public money under the *Public Interest Disclosures Act 1994*. The Auditor-General can also be requested by the Treasurer, a minister or both Houses of Parliament to perform audit or audit-related services. These include audits of agencies' compliance with specific legislation, directions and regulations.



### FINANCIAL AUDITS

Our financial audits provide an objective and independent opinion on the financial statements of NSW Government agencies, NSW universities and their controlled entities, and NSW local councils.

Financial audits are a key part of effective public-sector governance and assess the adequacy of the financial reporting control frameworks of audited entities. The GSA Act also provides us with the mandate to report any waste and/or lack of probity or financial prudence in the management of public resources that we may identify during our audits.

Each year our financial audits also examine a small number of specific focus areas across the entities we audit. We look across the sectors we audit to identify common themes, issues or areas for improvement.

As well as our statutory financial audits, we perform other assurance audits and reviews, including providing assurance over Commonwealth grants and payments to the NSW Government and local councils under Commonwealth legislation.

For NSW Government agencies and universities, the results of each financial audit are reported to the head of the agency concerned, the responsible minister, the Treasurer, and the New South Wales Parliament.

For local councils, the results of each financial audit are reported to the local council concerned, the responsible minister, the Secretary of the Department of Planning, Industry and Environment, and the New South Wales Parliament.

Cluster and sector-wide reports are also provided to New South Wales Parliament.

500

Financial audits

550

Other assurance  
audits and reviews

14

Reports to  
Parliament

### PERFORMANCE AUDITS

Our performance audits assess whether the activities of government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws. Our mandate to conduct these audits is provided under the GSA Act and the LG Act. The Auditor-General can also be requested by the Treasurer, a minister or both Houses of Parliament to perform an audit or audit-related services.

Under the *Government Advertising Act 2011*, we are also required to conduct a performance audit of at least one government advertising campaign each year.

The activities examined by a performance audit may include a government program, project, or service, and can include all or part of an audited entity, or more than one entity. Performance audits can also consider issues which affect the whole state sector or local government sector.

For NSW Government agencies, the results of each performance audit are reported to the head of the agency concerned, the responsible minister, the Treasurer, and New South Wales Parliament.

For local councils, the results of each performance audit are reported to the local council concerned, the responsible minister, the Secretary of the Department of Planning, Industry and Environment, and Parliament.

Agencies and local councils have the opportunity to provide a formal response to each performance audit. This is included in the Auditor-General's Report to Parliament.

### OTHER ASSURANCE REVIEWS

Each year we may select a topic for a compliance audit, which examines agency compliance with a specific area of legislation or policy.

We also review whether Members of the New South Wales Parliament complied with certain requirements outlined in the Parliamentary Remuneration Tribunal's Determination.

20  
Audits

2  
Audits

# Continued responses to emergencies in New South Wales

The COVID-19 pandemic continues to have a significant impact on the people and the public sector of New South Wales, and governments are continuing to assist communities in their recovery from the 2019–20 bushfires and subsequent flooding. The scale of government responses to these events has been significant and has required a wide-ranging response involving emergency response coordination, service delivery, governance and policy. Significant resources have been directed toward these responses, and in assisting rebuilding and economic recovery. Some systems and processes have changed to reflect the need for quick responses to immediate needs.

The increasing and changing risk environment presented by these events has meant that we have recalibrated and focused our efforts on providing assurance on how effectively aspects of these emergency responses have been delivered. This includes financial and governance risks arising from the scale and complexity of government responses to these events.

While these emergencies are having a significant impact today, they are also likely to continue to have an impact into the future. We will take a phased approach to ensuring that our work addresses the following elements of the emergencies and government responses:





## Financial audit focus areas in response to emergencies in New South Wales

Financial audits will have regard to the recent emergency events by considering:

- financial implications and trends for the public sector
- the delivery of new or expanded projects, programs, or services.

### Financial implications

We will evaluate any financial implications stemming from these events, including:

- the impact on sector operating results
- the impact on the sector's overall financial position, with consideration of both revenue and expenditure impacts, the cost of new policy measures to respond to these events and funding to pay for new programs.

### Stimulus funding and new programs

Some entities implemented significant programs aimed at responding to emergency events. We will review whether the entity has put in place processes to manage the changed and/or increased risks associated with these programs, such as:

- maintaining appropriate controls, including segregation of duties, and conflicts of interest declarations, within processes
- articulating clear responsibilities and lines of communication
- reporting progress and obstacles to the leadership/management team
- assigning accountability for the delivery of these programs/contracts.

## Performance audit focus areas in response to emergencies in New South Wales

We will focus our program of performance audits on government responses to the bushfire and flood emergency and COVID-19 to:

- deliver audits that address emergency planning, preparedness and responses, and
- include insights into how these emergencies have impacted other areas of public sector governance and service delivery through our broader program of work.

We will also be attentive to public sector governance arising from the emergencies, including risks relating to rapid service delivery, changes in governance, conflicts of interest, communication and transparency to the public, and record keeping.

Our planned performance audits addressing government responses to emergencies are set out below.

### COVID intensive learning support program (Education)

This \$337 million program will employ up to an additional 5,500 staff to deliver small group teaching sessions across the State during 2021. The program aims to support students who were disadvantaged by school closures due to COVID-19. An audit in this area will focus on the justification for the program as well as planning and implementation. It could also consider whether the Department of Education has put in place arrangements to evaluate the impact of the program, which may take several years to be fully evident.

### Bushfire recovery grants (Regional NSW)

In response to the 2019–20 bushfires, The Bushfire Local Economic Recovery (BLER) Package was established as part of the \$4.4 billion bushfire support program co-funded by the Commonwealth and the NSW Government for bushfire recovery, response and preparedness in New South Wales. BLER funding is intended to support job retention and creation in bushfire impacted regions, strengthen community resilience and reduce the impact of future natural disasters. An audit in this area will consider whether applications are being assessed and funds are being distributed in accordance with program objectives and guidelines. The audit could also look at the efficiency of grants administration and whether funds have been distributed and received in a timely manner.



# Continued responses to emergencies in New South Wales

## Virtual health care (Health)

Virtual health care, also known as telehealth, safely connects patients with health professionals to deliver care when and where it is needed. It complements face-to-face care. The COVID-19 Recovery Plan details a range of NSW Government recovery responses including a planned focus for NSW Health that involves a further rollout of digitisation and virtual services across the state. Virtual health care services received a major boost during the 2020 COVID-19 pandemic. Patients and clinicians embraced the service with a 700 per cent increase in February to May 2020 compared with the same period in 2019. This audit may examine the use of virtual care services, where clinically appropriate, and NSW Health's focus on sustainably embedding the virtual care model.

## Rural Fire Service preparedness and capability (Stronger Communities)

The NSW Rural Fire Service (RFS) is responsible for the prevention, mitigation and suppression of fires in rural fire districts. It is the lead combat agency for bush and grass fires in New South Wales. Following the 2019–20 bushfire season, the NSW Government allocated funding of \$700 million for the RFS. The NSW Bushfire Inquiry into the 2019–20 bushfire season recommended improvements to RFS's technology, data collection and analysis, communication infrastructure, equipment, fleet, and aviation assets and support to personnel. This audit may examine the effectiveness of RFS preparedness and capability to respond to bushfires.

# Our approach to assessing the effectiveness of cyber security

Cyber security continues to be an area of focus for the work of the Audit Office. The increasing global interconnectivity between computer networks has dramatically increased the risk of cyber security incidents. Such incidents can harm government service delivery and may include the theft of information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent. These outcomes can also harm trust in government.

More broadly, outdated IT systems and capability present risks to government cyber security. Agencies need to be alert to the need to update and replace legacy systems, and regularly train and up-skill staff in their use. To add to this, cyber security risks have been exacerbated by recent emergencies, which have resulted in greater and more diverse use of digital technology.

The Audit Office's approach to auditing cyber security across state entities, local councils and universities involves:

- considering how agencies are responding to the risks associated with cyber security across our financial audits across the NSW public sector
- examining the effectiveness of cyber security planning and governance arrangements for large NSW state government agencies for our Internal Controls and Governance report
- conducting deep-dive performance audits of the effectiveness of specific agency activities in preparing for, and responding to cyber security risks.



## Financial audit

A significant number of remotely connected employees for an extended period may strain an entity's IT infrastructure and control environment. It is important to ensure network connections and controls are secure to mitigate the data protection risk associated with communicating through mobile applications. Where relevant, we will:

- assess whether security settings for remote connections and secure individual access mechanisms are in place and operating effectively
- determine the adequacy of network capabilities
- consider how agencies monitor the access of unauthorised computers to their network
- review the data back-up policy and the frequency and adequacy of back-up practices.

Our Internal Controls and Governance report will bring together the findings and recommendations from our 2020–21 financial audits that relate to the internal controls and governance of the largest NSW State Government agencies. Specific to cyber security, in 2021–22, this report will cover cyber security planning and governance arrangements in the largest agencies in the NSW Government sector.

## Performance audits

Cyber Security NSW first released the NSW Cyber Security Policy in 2019 following the Audit Office's sector-wide performance audit 'Detecting and responding to cyber security incidents'. In this program, we will focus on agency-specific performance audits that reference key policy frameworks and examine how effectively government entities are applying these to ensure effective preparation for, and responses to, cyber security risks. Our planned cyber security performance audits for the next three years include:

### Managing information security risks in NSW Health

NSW Health, primarily through Local Health Districts, manages large volumes of information – including information stemming from patient care. Clinicians in busy hospital environments require timely access to data and systems to effectively treat patients. Increased accessibility may in turn increase the risk of poor data and system security practices. Recent experience in other jurisdictions has also demonstrated that operational assets that are controlled using technology may be targeted for cyber-attacks. All NSW Health organisations must comply with the NSW Government's Cyber Security Policy, as well as with NSW Health's own policy directive on electronic information security. This audit could assess how effectively NSW Health, particularly Local Health Districts and eHealth NSW, is ensuring the security of electronic information and systems used for patient care.

# Our approach to assessing the effectiveness of cyber security (cont.)

## Cyber Security NSW

Established in May 2019, Cyber Security NSW aims to build stronger cyber resilience across the whole of government by providing an integrated approach to preventing and responding to cyber security threats. The audit could examine the effectiveness and efficiency of Cyber Security NSW in safeguarding information, assets and services through its stated mandate.

## Security of student information

Schools collect and maintain detailed student data, including sensitive personal information. Schools can also require or encourage students to use third party software applications for learning and other school related activities. This audit will examine how effectively schools ensure student data is secure – both within their own systems and when provided to third parties.

## Cyber security in local councils

The increasing global interconnectivity between computer networks has dramatically increased the risk of cyber security incidents. Such incidents can harm local government service delivery and may include the theft of information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent. This audit will consider how well selected councils ensure they have effective cyber security measures in place.

## FINANCIAL AUDIT

We will carry out around 500 statutory financial audits of NSW Government agencies, NSW universities and NSW local government councils' financial statements, issuing over 1,050 assurance opinions. We will comment on the results of these audits and our examination of cluster specific and across-the-board focus areas in the Auditor-General's Reports to Parliament, detailed below.

### Financial Audit Auditor-General's Reports to Parliament

#### Report on State Finances

This report will focus on the State's 2020–21 consolidated financial statements. It will comment on the key matters that have been the focus of our audit and highlight significant factors that have contributed to the State's financial results.

#### Internal Controls and Governance

This report will bring together the findings and recommendations from our 2020–21 financial audits that relate to the internal controls and governance of the largest NSW Government agencies. In 2021–22, this report will cover:

- Internal control trends
- Information technology controls
- Cyber security planning and governance arrangements
- Masterfile management
- Managing conflicts of interests
- Tracking and monitoring of the implementation of recommendations from performance audits and public inquiries.

#### Local government

This report will bring together findings and recommendations from our 2020–21 financial audits of local councils and will comment on financial reporting and performance, internal controls and governance, and areas of interest that are in focus during the conduct of our audits.

#### Universities

This report will analyse the results of the financial statement audits of the ten NSW universities and their controlled entities for the year ended 31 December 2021. It will comment on financial reporting and performance, internal controls and governance, and areas of interest that are in focus during the conduct of our audits.

#### Thematic reports: COVID-19 Response, Recovery and Impact

A series of reports will have regard to COVID-19 by considering the financial implications and trends at the State sector level, and the delivery of new or expanded projects, programs, or services.

## Financial Audit Auditor-General's Reports to Parliament

### Nine State sector cluster reports

Our cluster-based reports will analyse the results of the 2020–21 financial statement audits of NSW Government agencies and comment on the quality and timeliness of financial statements, key accounting issues, and high risk observations from our audits. In 2020–21, our cluster reports will cover:

- Treasury
- Premier and Cabinet
- Customer Service
- Education
- Health
- Planning, Industry and Environment
- Regional NSW
- Stronger Communities
- Transport.

### Members Entitlements

This report will analyse whether Members of NSW Parliament complied with certain requirements outlined in the Parliamentary Remuneration Tribunal's Determination.



## PERFORMANCE AUDIT

We plan to commence the following performance audits in 2021–22. Updates on audits already underway can be found on the [Audit Office Website](#). Our detailed three-year forward plan follows.

### Whole-of-government/multi-agency

- Land and property: the effectiveness of strategic property portfolio management, and the integrity of processes and outcomes for property acquisitions and disposals
- Performance audit insights: Key findings from 2018–2021

### Premier and Cabinet

- Managing heritage assets

### Treasury

- Transport Asset Holding Entity (TAHE) (also in Transport)

### Customer Service

- Building regulation—responding to combustible external cladding
- Government advertising

### Transport

- Transport Asset Holding Entity (TAHE) (also in Treasury)
- Use of data in transport
- Unsolicited proposal for the Martin Place metro station

### Education

- COVID intensive learning support program
- Student attendance

### Health

- Managing information security risks in NSW Health
- Ambulance demand management
- Virtual health care

### Stronger Communities

- NSW Trustee and Guardian
- Rural Fire Service preparedness and capability

### Planning, Industry and Environment

- ePlanning portal
- Effectiveness of local government regulation and support
- Biodiversity offsets

### Regional NSW

- Grants administration for disaster relief: bushfire recovery grants (also including Resilience NSW)

### Local Government

- Effectiveness of financial management and governance in selected council(s)
- Development assessment process in local councils: assessment stage

Other topics we may commence in 2021–22 with available capacity include:

- Jobs for NSW (Premier and Cabinet)
- Outcome budgeting (NSW Treasury and selected agencies to be determined)
- NSW Telco Authority's Critical Communications Enhancement Program (Customer Service)
- Cyber Security NSW (Customer Service)
- Effectiveness of the land titles registry (Customer Service)
- Road safety (Transport for NSW)
- Coastal management (also in selected local councils)
- Special activation precincts (Regional NSW)
- Access to Legal Aid and community legal services (Stronger Communities)
- Road asset maintenance (Local Government)
- Investment in regional development

# Three-year performance audit program by cluster

## Whole-of-government/multi-agency - Performance audit

In addition to our planned cluster-specific performance audits, we plan to conduct the following multiagency performance audits. The specific agencies selected for inclusion in these audits will be identified during the preliminary scoping phase.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
Land and property: the effectiveness of strategic property portfolio management, and the integrity of processes and outcomes for property acquisitions and disposals	The NSW Government owns and manages a significant amount of land, and is acquiring more in support of its infrastructure objectives. The NSW Government also regularly disposes of property assets that are no longer required or suitable for their original purpose. Property transactions undertaken by the NSW Government can involve compulsory acquisitions, expressions of interest in the open property market, and direct negotiations. The outcomes of these processes can have significant impacts on the community. They can also involve the exchange of significant sums of public money, and need to be managed within a robust strategic framework to reduce waste, promote transparency and accountability, and ensure the best use of public resources. This performance audit topic has a number of components that may be addressed in a series. Over the course of this work, we will consider significant property transactions, as well as the management and oversight of the Government's property portfolio, and the governance of entities that manage these processes, including Crown Lands, Landcom and Property & Development NSW (within the Department of Industry, Planning and Environment Cluster).
Performance audit insights: Key findings from 2018–2021	This report will analyse the key findings and recommendations from performance audits tabled in the New South Wales Parliament between July 2018 and June 2021, spanning varied areas of government activity. The report will present common findings and lessons from the past three years of performance audits with particular focus on issues relating to the integrity and transparency of decision making and processes, as well as the fundamentals of good governance such as probity controls and record keeping. We will also use this report to help determine areas of unaddressed risk across all parts of government, and to shape our future audit priorities.

The Premier and Cabinet cluster supports the Premier and the Cabinet to deliver the NSW Government's objectives. The cluster coordinates policy implementation and reform across government, manages the passage of significant legislation, supports the delivery of major projects and events, and leads intergovernmental relations. The cluster includes Aboriginal Affairs, arts and heritage functions.



## PLANNED AUDITS TO 2021-22

Topic focus area	Brief overview
Managing heritage assets	The NSW Government owns and manages a range of significant heritage assets across a number of government agencies. These assets include historic buildings, gardens, artefacts and Aboriginal places with heritage significance. This audit will consider whether these significant cultural assets and sites are being managed effectively and to the benefit of the community. This audit may examine how well the department oversees heritage asset management and the management and maintenance practices of a selection of agencies' portfolio of properties, relics and precincts. This audit may focus on assets in regional NSW, or Aboriginal cultural assets.
Jobs for NSW	Jobs for NSW is a statutory body established pursuant to the <i>Jobs for NSW Act 2015</i> . The intention was to utilise high level private sector business experience to drive the creation of new jobs, attract new businesses and facilitate economic development in NSW, through the provision of strategically targeted incentives from the \$190 million Jobs for NSW Fund. A target of 150,000 new jobs in the four years to 2020 was announced by the NSW Government. This audit will consider the effectiveness and efficiency of Jobs for NSW (and the Jobs for NSW Fund) in fulfilling its objectives.

## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Council amalgamations	<p>For the council amalgamations that took place in 2016, the NSW Government projected benefits would be realised over a 20-year period. The 2015 IPART Fit for the Future report found that reducing waste and red tape through local government mergers in metropolitan Sydney could free up to \$2.0 billion over 20 years for NSW ratepayers, which could stabilise council rates and fund new infrastructure for communities. It also quantified benefits available by merging selected regional councils.</p> <p>This audit will assess whether the NSW Government effectively planned for the amalgamations process, including whether advice supporting the decision to implement amalgamations was based on robust analysis and enabled an assessment of progress in achieving clearly-defined, long-term benefits.</p>
International engagement – trade and investment	<p>Investment NSW, a new NSW Government agency, was established in March 2021 with the ‘mission’ of enhancing the state’s global position as a safe place to do business, attracting investment capital, and creating jobs. It brings together a number of groups from across government: Invest NSW, Global NSW, Destination NSW, Study NSW, Research and Development NSW, Office of the Chief Scientist &amp; Engineer, and the Waratah Research Network from the Department of Education, as well as visas and migration, the COVID-19 recovery plan, 24-hour economy, exports from NSW and support for business. It aims to be a one-stop-shop for the private sector — intended to attract and grow Australian and global companies, overseas capital, talent, tourists and international students. This audit could assess the economic development framework being used by Investment NSW to underpin its functions, as well as the effectiveness and efficiency of the incentives structure it uses to create new jobs and support small business and its approach to managing potential conflicts of interest and competitive neutrality issues.</p>

The Treasury cluster is the NSW Government's principal financial and economic adviser. Its role is to drive economic strategy and oversee governance of the State's finances. The cluster comprises several entities, including Treasury Corporation (TCorp), icare (Insurance and Care NSW), SAS Trustee Corporation, Ports of Newcastle, Port Botany and Port Kembla Lessor Companies, and Restart NSW Fund, that reports large expenditures in relation to whole-of-state assets and liabilities.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
Transport Asset Holding Entity (Treasury and Transport agencies)	Established 1 July 2020, Transport Asset Holding Entity (TAHE) is a statutory state-owned corporation that holds rail property assets, rolling stock and rail infrastructure in the Sydney metropolitan area and limited country location. TAHE makes these assets available to Sydney Trains and NSW Trains for their operations. It also provides rail infrastructure to other operators under the terms of track access agreements. This audit will examine whether TAHE's operating model is fit-for-purpose to effectively and efficiently achieve the outcomes intended by government, particularly in relation to rail safety, and the extent to which key milestones have been achieved in the transition from RailCorp to TAHE and post-July 2020.
Outcome budgeting (Treasury and selected agencies)	Outcome budgeting was announced in the 2017–18 Budget as a reform that aimed to deliver better outcomes for the people of NSW through increased transparency, accountability, and value for money. The reform has been rolled out over several years, with an initial focus on creating a framework, developing performance measures, and piloting the reforms with selected agencies. NSW Treasury is working with agencies to implement the initiative. This audit will examine how effectively NSW Treasury has overseen the implementation of outcome budgeting to ensure that the reform's policy goals are achieved.

The Department of Customer Service cluster is a service provider, regulator, and central agency of government. It brings together a range of transactional services; digital, data and design; and regulatory and compliance activities covering both citizens and businesses across NSW. The role includes Cyber Security, as well as the use of data and behavioural insights to drive customer service improvements.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
Building regulation – responding to combustible external cladding	<p>Following fires at the Lacrosse Building in Melbourne in 2014 and the Grenfell Tower in London in 2017, the NSW Government began implementing a coordinated, whole-of-government policy response to the fire safety risks posed by combustible external cladding. An inter-agency NSW Cladding Taskforce, led by the Department of Customer Service, was established to implement the Government's ten-point fire safety reform plan. This audit may examine how effectively the Department of Customer Service, Department of Planning and Environment, Fire and Rescue NSW, and local councils are implementing the NSW Government's fire safety reforms, including to:</p> <ul style="list-style-type: none"> <li>• identify and remediate existing risks from the use of external cladding</li> <li>• prevent the future use of unsafe external cladding.</li> </ul>
Government advertising	<p>Under the <i>NSW Government Advertising Act 2011</i>, the Auditor-General is required to undertake a performance audit on government advertising activities undertaken by agencies in each financial year. This audit will examine selected government advertising campaigns approved and/or conducted in 2020–21.</p>
NSW Telco Authority's Critical Communications Enhancement Program	<p>This audit will examine how efficiently and effectively the NSW Telco Authority is leading the improvement of emergency and day-to-day operational communications for NSW Government agencies through the CCEP, with particular reference to the five Emergency Service Organisations (NSW Police Force, NSW Ambulance, Fire and Rescue NSW, NSW Rural Fire Service and the NSW State Emergency Service). It will assess the extent to which the program's progress and achievements to date have addressed the most significant risk faced by these organisations.</p>



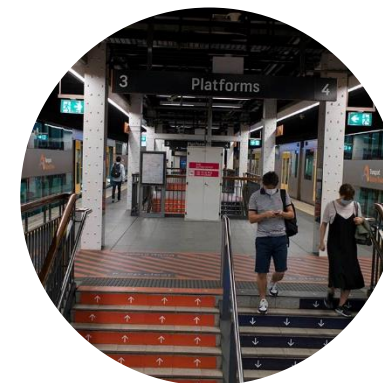
### PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
Cyber Security NSW	Established in May 2019, Cyber Security NSW aims to build stronger cyber resilience across the whole-of-government by providing an integrated approach to preventing and responding to cyber security threats. The audit could examine the effectiveness and efficiency of Cyber Security NSW in safeguarding information, assets and services through its stated mandate.
Effectiveness of the land titles registry	<p>Australian Registry Investments (trading as NSW Land Registry Services) was granted the right to operate the titling and registry operations of New South Wales in April 2017, under a 35-year concession which commenced on 1 July 2017.</p> <p>The NSW Government continues to guarantee title under the Torrens Assurance Fund (TAF). The Office of the Registrar General regulates NSW LRS as the operator of the NSW land titles registry under a regulator operator model. This audit could examine how effectively the Registrar General monitors NSW LRS's operation of the land titles registry in respect of defined service levels, KPIs and the integrity and security of the data in the register.</p>

## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Building regulation – regulating to prevent building defects	<p>In response to high-profile examples of building defects, the NSW Government responded to heightened community concerns through a range of building regulation reforms. The reforms include the <i>Design and Building Practitioners Act 2020</i> and the <i>Residential Apartment Buildings (Compliance and Enforcement Powers) Act 2020</i>. The reforms have or will come into force progressively from mid-2020 through to July 2021. This regulatory reform will make a range of changes to building regulation, including:</p> <ul style="list-style-type: none"> <li>greater consumer protections for owners' corporations, including a retrospective ten-year statutory duty owed to them by builders and developers to exercise reasonable care to avoid defects</li> <li>requirements for designers, builders, professional engineers, and others carrying out specialist work to be registered as practitioners with the Department of Customer Service (the Department)</li> <li>stronger investigation and enforcement powers for the Department and the newly established Building Commissioner, including to take disciplinary action against registered practitioners, issue 'stop work' orders, and require written undertakings from developers to remediate defective work.</li> </ul> <p>This audit may examine how effectively the department, including the Office of the Building Commissioner, has implemented these reforms to meet the intent of the legislation, and in a manner consistent with good regulatory practice.</p>
Digital Restart Fund	<p>NSW Government agencies rely on information and communications technology (ICT) to assist in delivering services. In NSW, more than 40 million transactions are performed by the government for customers each year. Consumers and businesses expect continuous service improvements from government in the same way they do from any service provider. The NSW Government aims to use technology and data to better integrate government services and massively improve the quality and level of services available. The Digital Restart Fund (the fund) was established in 2019 to accelerate whole-of-government digital transformation and enable iterative, multi-disciplinary approaches to digital/ICT planning, development and service provision and complements existing ICT investment approaches. In 2020, there was \$1.6 billion available in the fund. This audit would assess the governance and administration arrangements for the fund and whether it will achieve its objectives.</p>
Revenue NSW Hardship Policy	<p>The intention of this policy is to assist people that have a debt with Revenue NSW and are experiencing economic hardship, including those affected by natural disasters and COVID-19. The policy also applies to people experiencing homeless, or who are considered vulnerable due to mental illness, an intellectual disability or cognitive impairment, domestic violence, or substance misuse. This audit will consider effectiveness the policy in meeting its objectives and efficiency in the administration of this policy.</p>

The Transport cluster plans and delivers infrastructure and integrated services across all modes of transport, including road, rail, bus, ferry, light rail, cycling. The cluster aims to contribute to economic growth in New South Wales by delivering integrated services, managing assets, and improving the transport system to enable the safe, efficient and reliable movement of people and goods.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
Transport Asset Holding Entity (Transport and Treasury)	Established 1 July 2020, Transport Asset Holding Entity (TAHE) is a statutory state-owned corporation that holds rail property assets, rolling stock and rail infrastructure in the Sydney metropolitan area and limited country location. Transport Asset Entity (TAHE) makes these assets available to Sydney Trains and NSW Trains for their operations. It also provides rail infrastructure to other operators under the terms of track access agreements. This audit will examine whether TAHE's operating model is fit-for-purpose to effectively and efficiently achieve the outcomes intended by government, particularly in relation to rail safety, and the extent to which key milestones have been achieved in the transition from RailCorp to TAHE and post-July 2020.
Use of data in transport	Planners and managers in NSW's transport system rely on accurate data to ensure the system runs effectively and to the satisfaction of its customers. Good data is also important to citizens as it helps to drive accountability and transparency. Reliable data are also needed to ensure that future transport needs are identified, to ensure that infrastructure and service planning can take place. This audit may examine how effectively and efficiently Transport for NSW collects, analyses and uses relevant data for its operations and/or future transport modelling (for example: estimate and predict travel demand, identify opportunities for innovation and service improvement, quantify service reliability, inform infrastructure planning, and evaluate the effectiveness and efficiency of all modes of transport across NSW).
Unsolicited proposal for the Martin Place metro station	<p>Sydney Metro is Australia's biggest public transport project. From the north-west, metro rail is being extended under Sydney Harbour, through new underground city stations and beyond to the south-west. This audit may consider whether:</p> <ul style="list-style-type: none"> <li>the unsolicited proposal was effectively assessed, planned and managed (including benefits realisation)</li> <li>any land acquisitions relating to the project were managed effectively.</li> </ul>
Road safety	In 2021, the NSW Government set a state priority target to reduce road fatalities by 30 per cent by 2021 (from 2008 to 2010 levels) and launched a new road safety plan 'Toward Zero'. The plan features targeted initiatives intended to meet road safety goals, by addressing key trends, trauma risks and the types of crashes occurring on NSW roads. This audit may examine progress to date and review the effectiveness of the design and implementation of select initiatives.

## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
The DRIVES system	<p>The Driver and Vehicle IT System (DRIVES) is the central system for motor vehicle registration and driver licensing in NSW, including collecting associated revenue and recording driving infringements. The DRIVES has increasing data processing needs and has a widespread impact on various agencies.</p> <p>This audit may examine how DRIVES data is managed and used, including the management and security of sensitive information.</p>
Privatisation of services	<p>In New South Wales, Transport for NSW (TfNSW) contracts private companies to operate some public transport services. This performance audit will consider Transport for NSW's approach to the privatisation of bus services. It may assess whether the goals of privatisation were well defined and whether benefits were realised.</p>
Natural disaster preparedness and responses	<p>Many agencies, including those in the Transport cluster, have funding allocated to respond to natural disasters. This can include events such as bushfires and severe weather conditions (such as flooding or storms) that can impact directly on transport infrastructure as well as affecting local communities and the economy. This audit will consider how effectively TfNSW applies this funding to prepare for, respond to, and recover from natural disaster events.</p>
Transport's environmental focus	<p>The former Roads and Maritime Services released an Environmental Sustainability Strategy 2019–2023 (the strategy), which outlined focus areas to address the most important environmental and sustainability issues associated with its activities. It also identifies how targets and measures for each focus area. This audit may consider how effectively and efficiently Transport for NSW is achieving the objectives of the strategy and identify lessons learned for other government agencies who are developing similar strategies.</p>

The Education cluster delivers and regulates education and training services for NSW students, workers and industry. This includes the early childhood education and care sector, government and non-government schools, and the vocational education and training sector.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
COVID Intensive learning support program	This \$337 million program will employ up to an additional 5,500 staff to deliver small group teaching sessions across the State during 2021. The program aims to support students who were disadvantaged by school closures due to COVID-19. An audit in this area will focus on the justification for the program as well as planning and implementation. It could also consider whether the Department of Education has put in place arrangements to evaluate the impact of the program, which may take several years to be fully evident.
Student attendance	Poor attendance at school is related to poor student outcomes, particularly once patterns of non-attendance have been established. It is important that schools have reliable procedures and systems that record student attendance accurately to enable schools to identify whether any interventions or additional support is required. Poor attendance is a particular issue for Aboriginal students, where there is a gap in attendance of five percentage points in primary school which increases to 15 percentage points by year ten. An audit in this area could consider whether the Department has comprehensive information on student information and uses this information to inform effective strategies that address the needs of high-risk groups.

## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Security of student information	Schools collect and maintain detailed student data, including sensitive personal information. Schools can also require or encourage students to use third party software applications for learning and other school related activities. This audit will examine how effectively schools ensure student data is secure – both within their own systems and when provided to third parties.
Student behaviour management	Around four per cent of public school students received a short-term-suspension in 2019. Aboriginal students and students with a disability or other complex needs are over-represented in these data. The NSW Ombudsman found gaps in the approach to behaviour management in a 2017 report. Since then, the department released a new Student Behaviour Strategy (the strategy) in March 2021. Our performance audit on this issue will consider the Department's progress since the Ombudsman's report and whether the new strategy is meeting its intended objectives.
Teacher and principal wellbeing	According to the 2020 People Matter Employee Survey, only 44 per cent of teachers agreed they were able to keep their work stress at an acceptable level. This performance audit will explore how effectively the department is ensuring the wellbeing of teachers and principals. The audit may look at issues such as bullying, support to respond to challenging student behaviour, workplace compensation claims, absenteeism, and management of complaints.
Literacy and numeracy in NSW schools	The Literacy and Numeracy Strategy 2017–2020 (the strategy) was a four-year plan to support the quality teaching of literacy and numeracy across NSW schools. Targeted strategies included early years intervention, guidance on explicit teaching and diagnostic assessments, more support in secondary schools, additional training for teacher education students, and evaluation to focus effort on what works. An audit in this area could consider whether the key elements in the strategy were implemented well, and whether the strategy was successful in improving education outcomes in the targeted areas.
Planning for curriculum change	In June 2020, the NSW Government released a comprehensive review of the school curriculum. The review recommended a new curriculum be introduced from Kindergarten to Year 12. Given the extent of recommended changes, the review stated that 'the new curriculum arrangements will need to be phased in over an extended period of time, and teachers will need to be provided with professional development and support'. The NSW Government has set an ambitious reform timeline, with the new curriculum to be implemented by 2024. This audit may examine how the NSW Education Standards Authority and the Department of Education are co-ordinating planning to successfully implement changes to the school curriculum.
Vocational education and training in schools	Vocational education and training (VET) courses can help students prepare for further education, training or employment. Students in NSW have the option of studying VET courses at school or through TAFE NSW or other training providers. The number of VET in school students in NSW fell from around 54,100 to 46,900 between 2015 and 2019. The NSW Curriculum Review report (2020) raised concerns about the cost, complexity and variable quality of VET in schools. This audit could examine whether students can access the courses they want, and the support and oversight of quality provided by the department.



## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Supporting successful transitions between school and work	After leaving school, young people are particularly vulnerable in the labour market. In January 2021, the New South Wales youth unemployment rate (13 per cent) was twice that of the working age population (six per cent). In some regions of New South Wales, the youth unemployment rate is over 20 per cent. In 2014, the New South Wales Public Accounts Committee recommended the department evaluate the quality and appropriateness of career advice provided in schools to support successful transitions to work. An audit could examine whether the availability and quality of career advice has improved since that time.
Supporting students in remote areas	In terms of aggregated results, students in rural and remote areas of New South Wales underperform on major educational indicators when compared to students in metropolitan locations. Students in rural and remote areas also have lower attendance rates and engagement and are less likely to transition to further study. This audit will consider the effectiveness of the Department of Education's (the department) initiatives to reduce the gap in educational outcomes between rural and remote students and metropolitan students.
Supporting students with a disability	We last reported on this topic in 2016, which was followed by a NSW Parliamentary Inquiry in 2017. Both reports found significant shortcomings and recommended broad changes to the department. In response, the department launched a new disability strategy in 2019. An audit in this area could examine how well the department has implemented the 2019 Disability Strategy and whether it has addressed the findings made in the 2016 and 2017 reports.
Early childhood education	Children who participate in a quality early childhood education program are more likely to arrive at school equipped with the social, cognitive and emotional skills they need to engage in learning. We last reported on this topic in 2016 and recommended the department improve targeting of funding and efficiency of regulation. An audit in this area could examine how well the department supports universal access to quality early childhood education services. This could focus on regulatory oversight and grants administration.
Before and after school care	Before and after school care (BASC) services operate in more than 800 public schools in New South Wales as well as another 930 offsite locations. In April 2019, the NSW Government announced \$120 million to expand access to and reduce the cost of BASC. This funding includes \$50.0 million for new equipment and facility expansions and \$40.0 million for rental subsidies to service providers who can demonstrate savings have been passed on to families. This audit will consider how effectively the department has administered the BASC funding program to meet the government's objectives.

The Health cluster works to protect, maintain and improve the health and wellbeing of residents in New South Wales. It is also currently overseeing a significant investment in new capital works and renewal. The Health cluster takes in the Ministry of Health, as well as Local Health Districts and Speciality Networks, the 'Pillar' agencies, state-wide health services – such as Ambulance – and shared services.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
Managing information security risks in NSW Health	NSW Health, primarily through Local Health Districts, manages large volumes of patient information. Clinicians in busy hospital environments require timely access to data and systems to effectively treat patients. Increased accessibility may in turn increase the risk of poor data and system security practices. Recent experience in other jurisdictions has also demonstrated that operational assets that are controlled using technology may be targeted for cyber attacks. All NSW Health organisations must comply with the NSW Government's Cyber Security Policy, as well as with NSW Health's own policy directive on electronic information security. This audit could assess how effectively NSW Health, particularly Local Health Districts and eHealth NSW, is ensuring the security of electronic information and systems used for patient care.
Ambulance demand management	New South Wales has experienced periods of high demand for ambulance services in metropolitan areas and ambulance services have needed to meet surges in demand. New South Wales has implemented strategies to manage its emergency responses, including the Sydney Ambulance Metropolitan Infrastructure Strategy that aims to reshape operations in metropolitan Sydney, transforming the majority of the 43 ambulance stations in the area into a network of NSW Ambulance superstations. This \$184 million program has created ambulance hubs that are supported by smaller, standby stations called Paramedic Response Points. This audit could assess impacts of this and other strategies in meeting demand for ambulance services and improving ambulance response times.
Virtual health care	Virtual health care, also known as telehealth, safely connects patients with health professionals to deliver care when and where it is needed. It complements face-to-face care. The COVID-19 Recovery Plan details a range of NSW Government recovery responses including a planned focus for NSW Health that involves a further rollout of digitization and virtual services across the state. Virtual health care services received a major boost during the 2020 COVID-19 pandemic. Patients and clinicians embraced the service with a 700 per cent increase in February to May 2020 compared with the same period in 2019. This audit may examine the use of virtual care services, where clinically appropriate, and NSW Health's focus on sustainably embedding the virtual care model.

## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Access to specialist paediatric services	In the early stages of life, the health and wellbeing of children is monitored by clinicians at child and family health care centres or by GPs. If a clinician suspects that a child needs further assessment for a health condition, they will make a referral to a specialist paediatric service. Extended wait times for publicly funded specialist services can delay access to assessments, treatments and to NDIS funded support. This audit may assess the availability of specialist paediatric services and wait times for services across metropolitan, regional and rural areas.
Health workforce planning	Workforce planning has the potential to influence the effectiveness of the entire New South Wales hospital system. Governments are responsible to ensure the availability of a capable and qualified nurse and medical workforce to staff NSW Health's public hospitals. There are challenges across the country in sourcing staff with some clinical specialties. This is particularly acute in regional and rural areas. NSW Health needs assurance that nurse and medical staff are sufficient in numbers and appropriately qualified to service the current and future requirements. This audit may assess the effectiveness of workforce planning to supply sufficient health staff, with a particular focus on regional, rural and remote areas.
Value-based health care	In New South Wales, value-based healthcare aims to deliver care that improves health outcomes that matter to patients, experiences of receiving care, experiences of providing care and the effectiveness and efficiency of care. NSW Health is progressively implementing value-based healthcare by piloting, scaling and embedding state-wide priority programs and developing a range of system wide enablers including the Leading Better Value Care, Integrated Care and Commissioning for Better Value programs. This audit could assess how effectively NSW Health are implementing value-based healthcare.
Community-based mental health care	Increasing numbers of people are presenting at hospital emergency departments requiring treatment during an acute mental health episode. Over the past ten years, a higher volume of mental health presentations has increased stress on hospital emergency department personnel and resources. NSW Health has a range of community mental health services and programs, including the statewide Community Living Supports program to support people to live with mental illness in the community. This audit could consider NSW Health's actions to enhance community-based mental health care through coordination and integration of community care with other services and non-government providers, as well as actions to enhance telehealth and community mental health workforce planning.

## PLANNED AUDITS 2022-23 TO 2023-24

Topic focus area	Brief overview
NSW Immunisation Program	The NSW Immunisation Program provides the community of New South Wales with protection against a range of preventable diseases. With the roll out of the Commonwealth COVID vaccination program, there is potential to assess the role of NSW Health in contributing to the COVID vaccination program, as well as NSW Health's actions to maintain its ongoing vaccination programs. This audit could consider NSW Health's actions to cooperate with the Commonwealth and primary health agencies in COVID vaccinations, as well as its actions to implement the NSW vaccine programs and maintain health information and vaccine promotion activities.
Health e-Net and e-MR projects	Health e-Net aims to connect disjointed information systems across a range of health agencies, providing clinicians with secure and immediate access to patient medical histories. Health e-Net includes the Health e-Net Clinical Portal; My Health Record; and Secure Messaging to GPs. The aim of the program is to improve communication between hospitals, community and private healthcare organisations by sharing patient information electronically. This audit could assess the effectiveness of the implementation of the range of e-record systems across Local Health Districts and Specialty Health Networks.

The Stronger Communities cluster delivers community services to support a safe and just New South Wales. It aims to support safer and stronger communities by protecting children and families, promoting public safety, breaking the cycle of reoffending, and promoting physical activity and participation in organised sport, recreation and events. The police, courts, correctives, child protection and emergency services help keep citizens safe. Rule of law, affordable housing, assistance for people with disability and initiatives to reduce domestic and family violence, all help to build strong and supportive communities across New South Wales.



## PLANNED AUDITS TO 2021–2022

Topic focus area	Brief overview
NSW Trustee and Guardian	NSW Trustee and Guardian provides financial management and legal guardianship services for over 33,000 clients who are unable to manage their own affairs. Our previous reports to Parliament have identified a need to set performance indicators and targets for the cost and quality of the services NSW Trustee and Guardian provides to the community. This audit may consider whether NSW Trustee and Guardian effectively provides trustee and guardianship services to the satisfaction of its clients.
Rural Fire Service preparedness and capability	The NSW Rural Fire Service (RFS) is responsible for the prevention, mitigation and suppression of fires in rural fire districts. It is the lead combat agency for bush and grass fires in New South Wales. Following the 2019–20 bushfire season, the NSW Government allocated funding of \$700 million for the RFS. The NSW Bushfire Inquiry into the 2019–20 bushfire season recommended improvements to RFS's technology, data collection and analysis, communication infrastructure, equipment, fleet, and aviation assets and support to personnel. This audit may examine the effectiveness of RFS preparedness and capability to respond to bushfires.
Access to Legal Aid and community legal services	Legal Aid NSW and non-government community legal centres (CLCs) provide free legal assistance services across the state, particularly to people experiencing economic hardship, social disadvantage or discrimination. Previous national and state reviews have found unmet demand for legal assistance services and specific service gaps, and made recommendations for adequate and stable funding. In 2019–20 the NSW Government provided \$224 million in funding to Legal Aid NSW for legal assistance services, and an additional \$88.0 million to enable Legal Aid NSW to increase hourly rates for private lawyers in line with other states and territories. This audit may consider how accessible Legal Aid NSW and CLCs services are, and how effectively they are prioritising their services to meet demand.

## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Child protection systems	<p>Children and young people deserve to be protected from abuse and neglect and have the best possible start in life. Once a child has been reported at 'risk of significant harm', child protection practitioners are charged with supporting families to create change and provide safer homes for their children. The number of 'risk of significant' harm reports have been increasing in recent years. Decreasing the proportion of children and young people re-reported at risk of significant harm by 20 per cent by 2023 is a Premier's Priority, led by the Department of Communities and Justice (the department). This audit may focus on the access, timeliness and quality of the department's child protection responses, including resourcing and demand modelling; triaging and allocation; capacity and capability of staff; and completeness and accuracy of relevant data.</p>
Future Directions for Social Housing	<p>The 2016 Future Directions for Social Housing strategy sets out the NSW Government's ten-year vision for social housing. The \$1.0 billion Social and Affordable Housing Fund is a key initiative under Future Directions and is expected to provide 3,400 new social and affordable dwellings by the end of 2023. The 2020–21 State Budget allocated a further \$812 million for new and upgraded social housing across New South Wales. This is intended to deliver a further 1,280 new social homes and Aboriginal housing, place-based redevelopment projects at some existing housing estates, and upgrades to over 3,500 social housing dwellings. This audit may consider:</p> <ul style="list-style-type: none"> <li>the effectiveness of the implementation, monitoring and outcomes evaluation for initiatives under the Future Directions strategy and the additional funding</li> <li>whether the planning of major social and affordable housing projects is supported by sound evidence to effectively meet the needs of people in housing stress</li> <li>the effectiveness of the transfer of housing to community providers and the governance surrounding these arrangements (follow up of 2015 audit).</li> </ul>
Aboriginal Outcomes Strategy	<p>The Aboriginal Outcomes Strategy 2017–2021 sets out the Department of Communities and Justice (the department) plan to deliver outcomes for First Nations people across its different services. Targets include increased access to early intervention for Aboriginal families, reduced overrepresentation of Aboriginal children and young people in out-of-home care, improved economic and social outcomes for Aboriginal social housing clients, increased number of Aboriginal staff and increased engagement with disability services. This audit may consider whether the department is effectively working with First Nations leaders, families and staff to: establish and sustain governance arrangements to drive strategy and program implementation; monitor outcomes; and adjust where necessary.</p>

## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Managing offenders in the community	An offender may be placed on a diverse range of community-based court orders in New South Wales. Conditions may include home detention, electronic monitoring, curfews, community service work, alcohol/drug bans, place restrictions or non-association requirements. NSW Government reforms in September 2018 aimed to increase the proportion of offenders sentenced to supervised community-based orders and reduce the proportion of offenders serving short prison sentences. These have increased the number of offenders on supervised community orders from around 39,000 at the introduction of the reforms to more than 59,000 as at 31 January 2020. There were also large drops in the NSW prison population in the second quarter of 2020 during COVID-19, due in part to an increase in custodial discharges as people were released from remand to wait for their court case in the community. This audit may look at the effectiveness and efficiency of managing offenders on community-based orders and alleged offenders on remand in the community and may follow on from our 2019 report examining responses to growth in the prisoner population.
Community services portfolio management	This performance audit could take a broad view of how programs and services are targeted within the Community Services portfolio of the Department of Communities and Justice (the department). This may include an examination of demand modelling, workforce planning, evaluation and data, and other evidence for the department's decisions on service planning, funding and delivery including piloting, decommissioning and reprioritisation.
Victims services	The <i>Victims Rights and Support Act 2013</i> establishes standards for the appropriate treatment of victims of crime. It is administered by a division within the Department of Communities and Justice (the department), and overseen by the Commissioner of Victims Rights, a senior executive in the department. Victims services provides support, information, referrals, counselling and compensation to victims, their families, and witnesses to violent crimes, as well as to families and friends of missing people. The Commissioner is also responsible for ensuring compliance with the Charter of Victims Rights by government and government-funded agencies. Changes were made to the claim process for the Victims Support Scheme in 2020 and a statutory review of the legislation is commencing in 2021. This audit may consider the efficiency and effectiveness of Victims Services including accessibility, service delivery and data quality.

The Planning, Industry and Environment cluster is responsible for improving the liveability, prosperity and sustainability of the State. The clusters include the security and affordability of water and energy, building sustainable communities with adequate public spaces, job creation and industry development, and environmental conservation.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
ePlanning portal	The NSW planning portal has been rolled out in a staged approach to councils from May 2018 and aims to increase efficiency and provide greater transparency across the planning process through an online portal. All councils were required to commence using the portal from 1 January 2021 and to process 100 per cent of planning applications using the portal from 1 July 2021. This audit will focus on whether the ePlanning program has realised its intended benefits related to efficiency, transparency and collaboration and whether the rollout process to councils has been implemented in a successful and timely way.
The effectiveness of local government regulation and support	The Department of Planning, Industry and Environment (the department), is the primary department with policy, legislative, investigative and program functions for local government matters in New South Wales. It provides regulation, monitoring and support for local government. It is the key adviser to the NSW Government and Minister for Local Government for Local Government matters. This audit may consider whether the Department of Planning, Industry and Environment effectively regulates, monitors and supports the local government sector in New South Wales.
Biodiversity offsets	The Biodiversity Offsets Scheme intends to create a transparent, consistent and scientifically based approach to biodiversity assessment and offsetting for development that is likely to have a significant impact on biodiversity. This audit may examine the effectiveness of the scheme's design and implementation and examine issues such as whether the scheme is trading 'like for like', the management of 'in-perpetuity' agreements and the management of conflicts of interest.
Coastal management reforms (also in selected local councils)	The coast is one of our greatest assets in New South Wales, and home to nearly 85 per cent of the state's population. It is a diverse landscape with considerable natural, cultural, and economic value. The NSW Government has established a new framework to manage the coastal environment in a sustainable way for the wellbeing of the people of New South Wales. This framework includes the <i>Coastal Management Act 2016</i> , the State Environmental Planning Policy (Coastal Management) 2018, and support and funding to local councils for their coastal management programs. A performance audit on this topic could assess how effectively the department has overseen and implemented key elements of this reform package, and how effectively coastal councils have delivered coastal management programs.



## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Threatened species protection	<p>There are 1,025 threatened species and 112 threatened ecological communities in NSW. These numbers continue to rise, with pests and weeds, habitat loss and climate change as some of the key threatening processes. The 2019–20 bushfires in NSW were some of the worst in recorded history, and bushfires are also expected to become more frequent and severe.</p> <p>The department administers legislation and programs to protect biodiversity, including threatened species and ecological communities. Immediately following the 2019–20 bushfires, the department took action to maximise the survival of affected species, and since then developed the 2021 Wildlife and Conservation Recovery Bushfire Medium-term Response Plan to support biodiversity. An audit on the topic of threatened species protection may consider the development and early implementation of this bushfire response plan, with a focus on its integration with the department's existing threatened species programs (such as Saving our Species), and its capacity to monitor the effectiveness of its investments.</p>
Precinct planning (also in selected local councils)	<p>Precinct planning requires multiple government agencies to work together to deliver positive outcomes for communities. They aim to deliver 'a planned approach to growth in Sydney, with new homes and jobs located close to public transport, shops and services, while retaining and enhancing a community's character'. New priority precincts were announced in July 2017. This audit will consider how effectively the department coordinates other responsible government entities to deliver on this objective.</p>
Water management and regulation	<p>Water regulation, including licensing and water sharing plans, aim to achieve sustainable environmental, economic and social outcomes from the management of water resources. Reforms have been made to strengthen regulation, compliance and enforcement. This audit may examine how well the department has undertaken requirements under the <i>Water Management Act 2000</i>, responded to and implemented the recommendations from reviews into water licencing, regulation and theft. We plan to conduct this piece of work as part of a multivolume series on the theme of water.</p>
State infrastructure contributions and voluntary planning agreements	<p>A recent audit focused on local infrastructure contributions collected and spent by local councils. We found that increasing balances were present in councils that did not have strong governance over the funds. The state government also collects developer contributions, often through voluntary planning agreements. The balance of these contributions is growing. The audit will examine governance over these contributions and transparency over how contributions are levied and spent.</p>
Planning and delivery of major water infrastructure projects	<p>In October 2019, the NSW Government announced a major upgrade of the Wyangala Dam in the state's Central West, build the Mole River Dam in the Border Rivers region and replace the Dungowan Dam near Tamworth. This was a part of the NSW Government's response to prolonged drought in the state. Water NSW is a state-owned corporation that is responsible for managing each of these projects.</p> <p>This audit will examine the planning and management of one or more of these projects and may include a focus on the assessment of costs and benefits and the management of the cost of the projects.</p>

The Regional NSW Cluster was established in early 2020, and is charged with coordinating support for the people, businesses and farmers in regional areas. It will deliver recent bushfire and COVID-19 stimulus, and industry recovery packages, along with the NSW Government's drought initiatives, the \$1.7 billion Regional Growth Fund, and the \$4.2 billion Snowy Hydro Legacy Fund.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
Grants administration for disaster relief: bushfire recovery grants (also including Resilience NSW)	In response to the 2019–20 bushfires, The Bushfire Local Economic Recovery (BLER) Package was established as part of the \$4.4 billion bushfire support program co-funded by the Commonwealth and the NSW Government for bushfire recovery, response and preparedness in New South Wales. BLER funding is intended to support job retention and creation in bushfire impacted regions, strengthen community resilience and reduce the impact of future natural disasters. An audit in this area will consider whether applications are being assessed and funds are being distributed in accordance with program objectives and guidelines. The audit could also look at the efficiency of grants administration and whether funds have been distributed and received in a timely manner.
Special Activation Precincts	Special Activation Precincts are a new way of planning and delivering industrial and commercial infrastructure projects in dedicated areas in regional NSW, by bringing together planning and investment support services. The creation of Special Activation Precincts is delivered as part of the \$4.2 billion Snowy Hydro Legacy Fund. Seven areas have been identified: Parkes, Wagga Wagga, Snowy Mountains, Moree, Williamtown and Narrabri. This audit may select one or more Special Activation Precincts and examine how the state government and local council are working together to deliver the anticipated outcomes.
Investment in regional development	In 2017, the NSW Government announced a Regional Development Framework which provides a scaffold for better coordination, decision making and effort on the ground. The NSW Government recognised the need to be more strategic and better coordinated if it is to make a difference, particularly in addressing some of the serious issues facing regional New South Wales such as pockets of youth unemployment, social disadvantage, changing economic opportunities and increased competition. This audit will consider whether regional development and grant programs are well coordinated and delivering improvements. Grants programs of interest include Regional NSW's growth and infrastructure funds, such as the Snowy Hydro Legacy Fund, and funds for tourism, jobs and community amenity. It may be performed as a standalone topic or as part of a place-based audit and may also consider the role of the Department of Planning, Industry and Environment.

New South Wales has 128 local councils servicing a specific geographic area, and ten county councils formed for specific purposes, such as water supply management or the eradication of noxious weeds. Each council provides a unique range of services to meet its communities' needs. The mix is influenced by a range of factors including population density, demographics, the local economy, and geographic and climatic characteristics.



## PLANNED AUDITS TO 2021–22

Topic focus area	Brief overview
Effectiveness of financial management and governance in selected council(s)	Under the <i>Local Government Act 1993</i> (the Act), councils must apply sound financial management principles that require responsible and sustainable spending and investment, and ensure that future decisions consider intergenerational effects and equity. This audit will consider one or more councils, and examine how these principles are effectively applied in the councils' financial and asset management, funding decisions and risk management practices, and may examine how councils' expenditure and investment decisions have complied with the Act.
Development assessment processes in local councils: assessment stage	<p>The development assessment process is used to assess formal applications for development that require consent under the <i>NSW Environmental Planning and Assessment Act 1979</i>. Applications are usually lodged with the relevant local council for processing and determination. Guidance from the NSW Department of Planning, Industry and Environment (DPIE) describes the development assessment process in five stages: pre-lodgement, lodgement, assessment, determination and issuing construction certificates. In 2018–19, we completed an audit that focused on the 'pre-lodgement' and 'lodgement' stages of the development assessment process at two local councils.</p> <p>This audit could assess the extent to which the 'assessment' stage at selected local councils aligns with relevant legislation and relevant guidance from DPIE and the Independent Commission Against Corruption.</p>
Coastal management (also in planning, industry and environment)	The coast is one of our greatest assets in NSW, and home to nearly 85 per cent of the State's population. It is a diverse landscape with considerable natural, cultural, and economic value. The NSW Government has established a new framework to manage the coastal environment in a sustainable way for the wellbeing of the people of NSW. This framework includes the <i>Coastal Management Act 2016</i> , the State Environmental Planning Policy (Coastal Management) 2018, and support and funding to local councils for their coastal management programs. A performance audit on this topic could assess how effectively DPIE has overseen and implemented key elements of this reform package, and how effectively coastal councils have delivered coastal management programs.

## PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Road asset maintenance	New South Wales has over 144,000 km of roads across its network. This audit will have a focus on regional roads and will build on lessons learned in our 2014 audit on Regional Road Funding and our 2018 audit on Road Maintenance Contracts. The audit may consider how effectively and efficiently local councils plan for, and manage, their road assets including maintenance activities, rehabilitation and rebuilding roads at the end of their useful life.
Cyber security	The increasing global interconnectivity between computer networks has dramatically increased the risk of cyber security incidents. Such incidents can harm local government service delivery and may include the theft of information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent. This audit will consider how well selected councils ensure they have effective cyber security measures in place.
Precinct planning (also in Planning, Industry and Environment)	Precinct planning requires multiple government agencies to work together to deliver positive outcomes for communities. They aim to deliver 'a planned approach to growth in Sydney, with new homes and jobs located close to public transport, shops and services, while retaining and enhancing a community's character'. New priority precincts were announced in July 2017. This audit will consider how effectively the Office of Local Government (OLG) coordinates other responsible government entities to deliver on this objective.
Managing the code of conduct	In August 2020, the OLG released a model code of conduct for council officials which covers topics including bullying and harassment, pecuniary interests and managing conflicts of interest. Section 440 of the <i>Local Government Act 1993</i> requires every council to adopt a code of conduct that incorporates the provisions of this model code. An audit could look at the compliance of councils' codes of conduct against this model code, the effectiveness of their implementation and the effectiveness of complaint handling. It could focus on one or more of the issues covered by the code including bullying and harassment, managing conflicts of interest and disclosure of pecuniary interests. It could also consider the OLG's role to provide oversight, right of review and support functions under the model code.

### PLANNED AUDITS 2022–23 TO 2023–24

Topic focus area	Brief overview
Performance management and monitoring	Councils need to be transparent and accountable to the public about their operations and performance, and ensure they deliver in line with community expectations. All councils in New South Wales should have adopted the Integrated Planning & Reporting (IP&R) framework by June 2012. This framework ensures councils' delivery of programs and operational plans are aligned with community priorities. Councils are to report on their performance in their annual reports. This audit could examine councils' compliance with IP&R Guidelines and could also examine how the OLG has supported councils through the development of a performance measurement framework and delivered direct support to rural councils. This audit would follow on from our 2018 performance audit which reviewed the annual reports of all local councils to look at the performance of a select number of councils in depth.
Audits of issues within a particular council	From time-to-time the Auditor-General receives requests for special reviews or is alerted to matters of concern from the public in relation to individual councils. We will consider these requests and may carry out a performance audit on a single council including their efficiency, effectiveness, economy or compliance with laws. Issues under consideration in such an audit could include the effectiveness of financial and performance management, governance, legislative compliance and the effectiveness of service delivery. This audit could also assess how well councils that supply water and/or sewer services are managing these.

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## OUR PURPOSE

To help parliament hold government accountable for its use of public resources.

## OUR VALUES

Pride in purpose

Curious and open-minded

Valuing people

Contagious integrity

Courage (even when it's uncomfortable)

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