

APPENDIX C

Scope of this audit

Objective

We assessed whether Melbourne's metropolitan railways are maintained to deliver safe, reliable and punctual train services and optimise asset cost and performance.

Who we examined	Their key responsibilities
The Department of Transport and Planning	The department manages the railway assets and the agreement.
Metro Trains Melbourne	Metro maintains and renews the railway assets and operates the metropolitan railway under the agreement.
VicTrack	VicTrack owns the railway assets and leases them to the department.

What we examined

We examined the department and Metro's planning and delivery of maintenance and renewals, how they measure and monitor performance and the information systems and data they use to support this work. Our work focused on the infrastructure and technology assets and did not look at how the trains and carriages are maintained and renewed.

Each month Metro can earn a financial bonus or incur a financial penalty depending on its results for train punctuality and reliability and customer experience. We did not examine the incentive regime.

How we assessed performance

To form our conclusion against our objective we used the following lines of inquiry and associated evaluation criteria.

Line of inquiry	Criteria
Do Metro and the department plan maintenance and renewal works to optimise asset cost, condition, lifespan and performance across the network and deliver safe, reliable and punctual train services?	<ol style="list-style-type: none">1. The department has defined its long-term strategic aims and priorities for railway assets and uses these to guide maintenance and renewal decisions.2. Metro prioritises maintenance and renewal using relevant and transparent goals and criteria and information that is complete, accurate, current and fit for purpose.

Line of inquiry	Criteria
Does Metro maintain and renew assets as planned and justify and agree variations with the department?	<ol style="list-style-type: none"> 1. Metro maintains and renews assets as planned. 2. Metro justifies proposed variations to planned works, which the department considers in making timely approvals on variations.
Do the department and Metro have assurance that railway maintenance and renewals are achieving the performance aims and targets required under the agreement?	<ol style="list-style-type: none"> 1. VicTrack, the department and Metro have access to asset information that is complete and accurate, up to date and fit for purpose. 2. The department and Metro measure and monitor Metro's progress in achieving the aims and targets for railway maintenance and renewal.

Our methods

As part of the audit we:

- reviewed and analysed the department and Metro documentation including:
 - annual works plans
 - management plans
 - meeting minutes
 - monthly reporting
- analysed data from the department and Metro's asset management systems and performance reporting
- interviewed key staff.

We conducted our audit in accordance with the *Audit Act 1994* and ASAE 3500 Performance Engagements to obtain reasonable assurance to provide a basis for our conclusion.

We included Metro, the associated entity, because it maintains and renews the railways for the department and receives public funds for this work.

We also provided a copy of the report to the Department of Premier and Cabinet and the Department of Treasury and Finance.

We complied with the independence and other relevant ethical requirements related to assurance engagements.

Cost and time

The full cost of the audit and preparation of this report was \$890,000. The duration of the audit was 13 months from initiation to tabling.