

Appendix C:

Audit scope and method

Scope of this audit

Who we examined

We examined the following agencies:

Entity	Their key responsibilities
CVTS	CVTS is the main contractor for the new system.
DTP	DTP is responsible for implementing the myki modernisation project. It is also responsible for delivering customer education and support activities, and the online web portal and a mobile application.
Department of Treasury and Finance	The Department of Treasury and Finance is part of the interdepartmental Project Steering Committee that works closely with DTP and the Department of Premier and Cabinet to advise on the project.
Department of Premier and Cabinet	The Department of Premier and Cabinet is part of the interdepartmental Project Steering Committee that works closely with DTP and the Department of Treasury and Finance to advise on the project.
HCLTech	HCLTech is contracted by DTP and is responsible for designing, building, integrating and supporting the concession platform.
Metro Trains Melbourne, Yarra Journey Makers (operator of Yarra Trams) and V/Line	These public transport operators: <ul style="list-style-type: none"> • deliver key public transport services and help DTP and CVTS deploy the new system in vehicles and facilities • employ authorised officers who will carry a new type of reader device to check the validity of a passenger's myki card or any future payment method accepted by the new system, as well as their concession fare entitlement.
VicTrack	VicTrack is the custodial owner, on behalf of the state, for all transport ticketing related assets.

Our audit objective

Is the myki modernisation project on track to deliver a public transport ticketing system that achieves value for money and expected functionality?

What we examined

We examined if:

- DTP developed a comprehensive strategy and viable technical options to inform the government about the new ticketing approach
- DTP tested market capability and capacities to inform their procurement
- the tender process was fair
- the tender process supported achievement of a value for money outcome
- the rollout of the modernised myki ticketing system is being managed effectively.

Why we conducted this review

This engagement examined the planning, procurement and delivery to date of the modernised myki system. We assessed whether the government was an informed buyer and understood what proven technologies and suppliers were available for the upgrade.

Aspects of performance examined

Our mandate for performance audits and reviews includes the assessment of economy, effectiveness, efficiency and compliance (often referred to as the '3Es + C').

In this audit we focused on the following aspects:

Economy	Effectiveness	Efficiency	Compliance
○	●	○	○

Key:

- Primary focus
- Secondary focus
- Not assessed

Conducting this audit

Assessing performance

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

Line of inquiry

Criteria

1. Was the government an informed buyer for the new ticketing approach?	1.1	DTP and other relevant agencies provided strategic advice and viable options for a future enhanced ticketing system.
	1.2	DTP and other relevant agencies considered and advised the government on risks and benefits related to: <ul style="list-style-type: none"> • existing technology obsolescence • available ticketing technologies • market capability and capacity • public transport users' needs.
2. Did the tender process for the modernised myki ticketing system support achievement of a value for money outcome?	2.1	DTP's tender process was fair and followed relevant procurement policies and rules.
	2.2	DTP and other relevant agencies assured themselves that the successful tenderer's technology solution was aligned to the government's objectives and expected benefits.
	2.3	DTP and other relevant agencies assured themselves that they negotiated a contract with the successful tenderers that achieved value for the government and public transport users.
3. Is the rollout of the modernised myki ticketing system being managed effectively?	3.1	DTP and relevant agencies are monitoring and managing contracts to ensure that all expected scope items are delivered to agreed milestones, cost, functionality and quality standards.
	3.2	DTP, relevant agencies, operators and contractors have assured themselves that: <ul style="list-style-type: none"> • upgraded devices are working as expected and will be compatible with the future ticketing software • the ticketing technology is safe, ergonomic and accessible for all public transport users.
		3.3

Our methods

As part of the audit we:

- reviewed data, documents and other evidence held by audited entities
- interviewed entities' key staff and consultants involved in different phases of the project
- visited work sites and observed installation of new devices in buses, trams and railway stations
- consulted with various peak bodies, regulators, passenger advocates and other community organisations.

Level of assurance

In an assurance review, we primarily rely on the agency's representations and internally generated information to form our conclusions.

By contrast, in a performance audit, we typically gather evidence from an array of internal and external sources, which we analyse and substantiate using various methods. Therefore, an assurance review obtains a lower level of assurance than a performance audit (meaning we have slightly less confidence in the accuracy of our conclusion).

Compliance

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 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 \$790,000.

The duration of the audit was 10 months from initiation to tabling.