Appendix C:
Audit scope and method

Scope of this audit

Who we examined

We examined the following agencies:

Agency	Their key responsibilities
The department	Plans maintenance priorities, sets maintenance standards, and oversees the delivery of maintenance by contractors.

Our audit objective

Is the department achieving its road pavement maintenance objectives and delivering value for money?

What we examined

For the audit, we looked at the department's:

- standards and systems for collecting road condition and defect data
- tools and processes for planning and prioritising road maintenance
- frameworks and procedures for overseeing contractors and assuring the quality of road maintenance.

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
Not assessed	Primary focus	Not assessed	Not assessed

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. Does the department have fit-for-purpose road pavement data?	1.1	The department collects pavement condition and maintenance data that is current, complete, accurate, relevant and consistent over time.
2. Does the department effectively plan road pavement maintenance?	2.1	The department has a framework in place to identify maintenance needs that align with relevant road asset management standards.
	2.2	The department prioritises maintenance in a way that minimises lifecycle maintenance costs.
3. Does road pavement maintenance meet the department's standards, targets and road pavement maintenance objectives?	3.1	Maintenance undertaken is consistent with the department's identified priorities.
	3.2	Maintenance is completed on time, on budget, and to the department's specifications.
	3.3	Pavements are maintained in a suitable condition to deliver the department's targets and road pavement maintenance objectives.

Our methods

As part of the audit, we:

- reviewed the strategic frameworks, modelling processes and inspection methods to understand how the department analyses network condition and selects sites for maintenance
- reviewed the systems, observed the procedures and analysed the data that the department uses to monitor defects and assure the performance of contractors
- used the department's data to quantify the condition of the network and the defect backlog
- reviewed documents such as Cabinet briefings, road maintenance business cases, program schedules and Budget papers to understand the department's advice to the government and how much funding it had sought and received for road maintenance.

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 $825,612.

The duration of the audit was 13 months from initiation to tabling.