

Audit scope and plan

Section 44 audits of water sharing plans

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Enquiries

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Acknowledgement of Country

The Natural Resources Commission acknowledges and pays respect to traditional owners and Aboriginal peoples. The Commission recognises and acknowledges that traditional owners have a deep cultural, social, environmental, spiritual and economic connection to their lands and waters. We value and respect their knowledge in natural resource management and the contributions of many generations, including Elders, to this understanding and connection.

List of acronyms

ASAE	Australian Standards on Assurance Engagements
ASQM	Australian Standard on Quality Management
DCCEEW-CPHR	NSW Department of Climate Change, Energy, the Environment and Water – Conservation Programs, Heritage and Regulation
DCCEEW-Water	NSW Department of Climate Change, Energy, the Environment and Water – Water Group
NRAR	Natural Resources Access Regulator

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1 Principles of the Act

In accordance with section 44 of the *Water Management Act 2000* (the Act), the Natural Resources Commission (Commission) will audit water sharing plans within the first five years of each plan.¹

Section 9 of the Act states:

- ‘(1) It is the duty of all persons exercising functions under this Act:*
(a) to take all reasonable steps to do so in accordance with, and so as to promote, the water management principles of this Act, and
(b) as between the principles for water sharing set out in section 5 (3), to give priority to those principles in the order in which they are set out in that subsection.
(2) It is the duty of all persons involved in the administration of this Act to exercise their functions under this Act in a manner that gives effect to the State Water Management Outcomes Plan’

Section 9 of the Act applies to the Commission as auditor under the Act, as well as those organisations the Commission audits.

Part 3 of the Act specifies where provisions of water management plans must be consistent with, or may contain measures to give effect to, the water management principles of the Act. The Commission’s audits of water management plans under Section 44 of the Act provide assurance as to whether plan provisions – which may include provisions related to the water management principles - are being given effect to. This helps to support the implementation of water management principles of the Act.

2 Objective and Purpose

The objective of these audits is to determine whether the provisions of each water sharing plan have been given effect to. The audits will focus on gathering evidence to assess the current systems and processes which support the plan. However, the audit team may also consider evidence requirements from the date of plan commencement up to the end of the previous water year, within the first five years of each plan.

The objective will be addressed with the following audit criteria:

- **Criterion 1:** The relevant responsible parties have implemented plan provisions relating to vision, objectives, strategies and performance.
- **Criterion 2:** The relevant responsible parties have implemented the system operation rules as set out in the plan (note that this criterion is only relevant to some plans and may include environmental provisions where they are separated out from systems operations)
- **Criterion 3:** The relevant responsible parties have implemented plan provisions relating to long-term average annual extraction limits
- **Criterion 4:** The relevant responsible parties have implemented plan provisions relating to available water determinations
- **Criterion 5:** The relevant responsible parties have implemented plan provisions relating to granting access licences

¹ Based on the date these plans were deemed to have commenced under the *Water Management Act 2000*.

- **Criterion 6:** The relevant responsible parties have implemented plan provisions relating to managing access licences
- **Criterion 7:** The relevant responsible parties have implemented plan provisions relating to rules for water supply work approvals
- **Criterion 8:** The relevant responsible parties have implemented plan provisions relating to access licence dealing rules
- **Criterion 9:** The relevant responsible parties have implemented plan provisions relating to mandatory conditions
- **Criterion 10:** The relevant responsible parties have implemented plan provisions relating to amendments (where these are not optional).

If warranted, the Commission may change the scope or criteria outlined above during the audits. Should this be necessary, the Commission will consult with the relevant auditees.

3 Exclusions

The audits will **not**:

- provide an assessment against all provisions in each plan, but will audit priority provisions on a risk basis
- examine all parts of each water sharing plan, specifically:
 - Introduction (Part 1). The information contained in this part will be used to provide context for the audit and to inform the examination of the auditable parts
 - Bulk access regime and Environmental water (typically Parts 3 and 4). This is because provisions within these parts refer to other parts of each water sharing plan. These parts will be examined through the audit procedures relevant to the other operative plan parts.
 - Requirements for water (typically Part 5). This part details the estimated share components for each licence category at the commencement of each plan and does not have any auditable provisions.
- provide an opinion regarding compliance of holders of Water Access Licences, works approvals or any other regulatory instruments issued under the *Water Management Act 2000*.
- provide an opinion as to whether the plans are being implemented efficiently, or whether they are achieving environmental, social, or economic outcomes, stated visions, objectives or performance indicators.
- provide an opinion as to whether the plan provisions are effective, appropriate or in line with the *Water Management Act 2000* or other relevant legislation.

In some cases, to provide context, the Commission may provide some comment on the above exclusions.

4 Approach

The audits will be conducted in accordance with the *ASAE 3000 for Assurance Engagements other than Audits or Reviews of Historical Financial Information* and *ASAE 3100 for specific Compliance Assurance Engagements*.

In addition, the audit will be carried out in accordance with Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, and ASA 102 *Auditing Standard ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*. ASA 102 requires auditors to have regard to applicable requirements of APES 110 *Code of Ethics for Professional Accountants*.

Individual audit plans will be set up for each water sharing plan, which will include:

- a risk-based approach considering unique risks of each water sharing plan and part, which will inform the audit focus for each plan.
- specific audit tests and evidence gathering procedures.

Audit procedures may include:

- document review (either written documents or numerical data) including overarching frameworks, procedures, guidelines, manuals and policies, and reporting.
- interviews with process owners, implementors and users including the NSW Department of Climate Change, Energy, the Environment and Water – Water Group, and WaterNSW.
- interviews with other stakeholders that may include licensees, if named specifically in the plan, or other groups involved in implementation such as DCCEE – Conservation Programs, Heritage and Regulation (CPHR) Group and Natural Resources Access Regulator (NRAR).
- walk-throughs of material activities (may include systems and processes with system implementors, owners or users)
- observations of material activities in operation.

These procedures will be carried out on a test basis to provide sufficient appropriate evidence on which to base a conclusion.

These audits will be limited assurance engagements. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The audit cannot therefore be relied on to comprehensively identify all weaknesses, improvements or areas of non-compliance. Inherent limitations mean that there is an unavoidable risk that some material matters may not be detected, despite the audit being properly planned and executed in accordance with *Australian Auditing Standards*.

5 Audit schedule and timing

Table 1 summarises the audit schedule and required completion timings for the period July 2024 to July 2026. The timing of subsequent water sharing plan audits will be confirmed with the cross agency audit coordinators in 2026.

Table 1 **Schedule of water management plan audits for 2024-2026**

Water management plan	Audit completion
<i>Darling Alluvial Groundwater Sources 2020</i>	By June 2025
<i>Namoi Alluvial Groundwater Sources Order 2020</i>	
<i>NSW Border Rivers Alluvial Groundwater Sources 2020</i>	
<i>NSW Great Artesian Basin Groundwater Sources 2020</i>	
<i>NSW Great Artesian Basin Shallow Groundwater Sources Order 2020</i>	
<i>NSW Murray Darling Basin Fractured Rock Groundwater Sources Order 2020</i>	
<i>NSW Murray Darling Basin Porous Rock Groundwater Sources Order 2020</i>	
<i>Border Rivers Valley Floodplain Management Plan 2020</i>	
<i>Macquarie Valley Floodplain Order 2021</i>	By 30 June 2026
<i>NSW Border Rivers Regulated River Water Source Order 2021</i>	

6 Governance and communications

- The Commission has an assigned primary contact for the audits.
- Audit coordinators have been provided for each agency. These personnel will be the primary point of contact for the audit. These personnel will be expected to:
 - attend meetings (opening meeting, debrief meeting post document review, debrief meeting post interviews, debrief meeting on audit process post final report issue)
 - coordinate document requests
 - provide consolidated comments from the agency on the draft reports
 - be the primary liaison point with the Commission throughout the audit process.
- A shared document transfer platform has been agreed between parties.
- Communication will be virtual, with screen sharing available to support interviews where required (for example a walk-through of processing of approval applications on an agency system).

7 Document control

Review period	Annual	
Next revision	March 2026	
Responsible Officer	Executive Director	
Version	Date	Changes
1.0	June 2021	D21/1468 Original
1.1	July 2023	D21/1468 Addition of: - enquiries, acknowledgement of Country, list of acronyms, Departmental names, document number, ISBN - table of contents - principles of the Act including section 9 duties. - updated auditing standard, updated audit lead contact.
1.2	November 2024	D24/5695 Updated agency names, completion timings, audit contact.
1.3	September 2025	D24/5695 Addition of: - Updated title list of acronyms, Department names, cover image - updated objective and purpose title