

Audit scope and plan –Floodplain management plans

The Natural Resources Commission (Commission) will undertake audits of each floodplain management plan made under the *Water Management Act 2000*, within the first five years of the plans¹, in accordance with section 44 of the *Water Management Act 2000*.

Objective and scope

The objective of these audits is to determine whether the provisions of each healthy floodplain management plan have been given effect to.

The floodplain management plans due to be audited are:

- *Floodplain Management Plan for the Gwydir Valley Floodplain 2016* (due mid-August 2021)
- *Floodplain Management Plan for the Barwon-Darling Valley Floodplain 2017* (due June 2022)
- *Floodplain Management Plan for the Upper Namoi Valley Floodplain 2019* (due June 2024)

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 plan provisions relating to granting or amending flood work approvals.
- Criterion 3: The relevant responsible parties have implemented plan provisions relating to mandatory conditions including enforcement.
- Criterion 4: The relevant responsible parties have implemented plan provisions relating to amendments (where these are not optional) and there is evidence that identified amendments (which may include optional amendments) have been given due consideration.

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

Exclusions

The audits will **not**:

- provide an assessment against all provisions in each plan, but will include select priority provisions based on risk
- examine all parts of each plan

¹ Based on the date these plans were deemed to have commenced under the *Water Management Act 2000*.
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- provide an opinion regarding compliance of holders of flood work approvals or any other regulatory instruments
- 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.
- examine approvals in relation to EP&A Act that are not related to the objects, principles, core and additional floodplain management plan provisions
- compliance with any legislation unrelated to the *Water Management Act 2000*

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

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 ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements.

Individual audit plans will be set up for the floodplain management plans, which will include:

- a risk-based approach considering unique risks of each floodplain management 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 Department of Primary Industries and the Environment (DPIE) - Water, Natural Resources Access Regulator (NRAR), WaterNSW
- interviews with other stakeholders that may include licencees, if named specifically in the plan, or other groups involved in implementation such as DPIE - Environment, Energy and Science
- 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.

Audit timing and reporting

The Gwydir floodplain management plan audit will commence in May 2021 and be finalised by August 2021. Specifically, indicative timing is as follows:

- May 2021 - initial document request (two weeks).
- Mid-May 2021 - interviews commence (follow up data requests).
- July 2021 - close out meeting to be held with the agencies
- July 2021 - draft audit reports submitted to the agency for review.
- August 2021 - A report will be provided to the Minister for Water.
- February 2022 (latest) – The report will be published on the Commission’s website (or sooner if management response received sooner).

The other floodplain management plan audits will commence subsequently, with timeframes to be confirmed with auditees in the near future.

Governance and communications

- The primary contact for the audits will be the Audit lead: Marguerite Collins.
- 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 request
 - provide consolidated comments from the agency on the draft report
 - be the primary liaison point with the Commission throughout the audit process.
- A document transfer platform will be agreed between parties. This will be agreed at the opening meeting.
- Due to COVID-19 communication will be virtual, either via mobile phone or via whatever virtual meeting method is appropriate for an interview. It may be necessary to arrange a platform where screen sharing is available to support some interviews (for example a walk-through of processing of approval applications on an agency system).