

Audit scope and plan – Historical floodplain management plans

The Natural Resources Commission (Commission) will undertake audits of each historical floodplain management plan, 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 historical floodplain management plan have been given effect to.

The audits will focus on current performance. However, the audit team may consider evidence:

- at any point over the first five years of each plan through to the date of initial data request that will be sent to auditees via email.²
- evidence pre-September 2015 that relates to activity explicitly mentioned in the plan as outlined in exclusions below.

The historical floodplain management plans due to be audited prior to September 2020 are:

- Lachlan River (Gooloogong to Jemalong Gap) 2011
- Lachlan River (Jemalong Gap to Condobolin) 2012
- Lachlan River, Hillston, Lake Brewster to Whealbah 2005
- Stage 1: Edward and Wakool Rivers (Deniliquin to Moama-Moulamein Railway) 2010
- Stage 2: Wakool River (Moama-Moulamein Railway to Gee Gee Bridge) 2010
- Stage 3: Edward and Niemur Rivers (Moama-Moulamein Railway to Liewah and Mallan) 2010
- Lower Edward and Wakool Rivers (Stage 4) (Noorang Rd to Wakool Murray Junction) 2000
- Tuppal and Bullatale Creeks (Murray River Uptake to Deniliquin) 2004
- Billabong Creek (Walbundrie to Jerilderie) 2006
- Murrumbidgee River (Hay to Maude) 2014

The objective will be addressed with the following audit criteria:

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

² Section 166A of the *Water Act 1912* was repealed, and clause 13(1) of Schedule 9 to the *Water Management Act 2000* (Act) commenced, on 21 September 2015 (see Commencement Proclamation under the Act dated 16 September 2015). These historical floodplain management plans were adopted under the Act on 21 September 2015 by Proclamation, therefore these plans were deemed to have commenced under the Act on 21 September 2015.

- Criterion 1: The relevant Government agencies have implemented plan provisions relating to Floodplain Works Approvals and the relevant zones and /or floodway network, including assessment, granting or refusal, conditioning and enforcement
- Criterion 2: The relevant Government agencies have implemented plan provisions in relation to modifications of existing works (for example required modifications or alternative as relevant)
- Criterion 3: The relevant Government agencies have implemented plan provisions in relation to performance indicators
- Criterion 4: The relevant Government agencies have implemented plan provisions in relation to flood monitoring (as relevant as relevant to each plan)
- Criterion 5: The relevant Government agencies have implemented plan provisions in relation to environmental monitoring (as relevant to each plan)
- Criterion 6: The relevant Government agencies have implemented plan provisions in relation to plan review (as relevant to each plan)

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
- 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*
- examine any activity pre- September 2015 except where there is explicit mention of an activity. For example,
 - required modifications will be examined to determine if there are outstanding determinations or implementations or associated ongoing compliance and monitoring activities
 - timing of monitoring of flood extent or performance of the floodway network will be determined by the timing of major floods, which may pre-date September 2015, but the monitoring results remain material to giving effect to the FMP after September 2015.

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 audits will commence in April 2020 and be finalised by September 2021. Specifically, indicative timing is as follows:

- April 2020 - initial document request (two weeks).
- May 2020 - call to discuss document request findings.
- 11 May 2020 - interviews commence (follow up data requests).
- June 2020 - close out meeting to be held with the agencies
- July 2020 - draft audit reports submitted to the agency for review.
- September 2020 - A report will be provided to the Minister for Water that covers each historical floodplain management plan.
- March 2021 (latest) - reports published on the Commission's website (or sooner if management response received sooner).

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).